

# Nation's Business

A USEFUL LOOK AHEAD

AUGUST 1966



**Ahead: 17 months of strike threats**

PAGE 36

Washington slipped here

How to stop highway slaughter

PETER DRUCKER TELLS What the  
computers will be telling you



To make it, we threw out the rule book. And we got a lot more for our pains than dramatic appearance.

This is an Armstrong Luminaire Ceiling System (one of three). It's a package deal—air distribution, lighting, noise control all rolled into one easy-to-install system.

That's a big departure right there. And so are all the pieces. Take air distribution. With most conventional ceilings, the job falls to diffusers spotted throughout the room. You've noticed them—those round or rectangular metal fittings (infamous for collecting dust). And you've probably felt the results—hot or cold pockets. And drafts—particularly right near the diffusers. Fact is, with this type setup, it's almost impossible to avoid spotty air distribution.

But take Luminaire. No diffusers. Instead, the whole ceiling acts as one



massive air-distribution source. Air is forced evenly (and quietly) into all parts of the room through thousands of tiny perforations in each ceiling panel. The result: draft-free, uniformly comfortable rooms.

Another thing: with diffusers, there's got to be a system of ductwork connecting each one to the main air supply. And these duct runs can get complicated. With Luminaire, the problem is greatly minimized. Often, simple stub ducts will serve, and the space above the ceiling remains virtually duct-free. Add this to the elimination of diffusers, and it can mean

quite a saving on installation costs. Up to 30¢ a square foot in many cases.

We could go on. But you get the point. When you dare to be different, there's a lot to be won. And we won on lighting, too. And on noise control. On everything.

Like more details on Luminaire? Like to know "How to get more useful work out of a ceiling... and save money doing it?" Our new booklet by that title tells all. Write for it: Armstrong, 4208 Mercantile St., Lancaster, Pennsylvania.

CEILING SYSTEMS BY  
**Armstrong**

# MEET THE ICONOCLASTIC CEILING:





# Marine Corporation says scientifically planned music improves efficiency.

The Marine Corporation comprises the Marine Bank of Milwaukee and six affiliate banks within Wisconsin. They know employee attitudes are important to performance. They invest a lot of time helping their employees do a better job.

When we called on Marine Corporation's main bank we told them music by Muzak® is scientifically planned to improve performance. We said it offsets boredom and fatigue and combats periodic dips in efficiency. We showed

them how some companies use Muzak profitably to reduce errors, cut absenteeism and lateness, or improve performance. And how others use Muzak to mask distracting noise.

Marine Bank didn't take our word for it. They insisted on a trial installation. The trial proved to them that scientifically planned music by Muzak is different than other background music systems. The result: we installed complete Muzak systems in the main bank and in their six affiliates.

Mr. Robert E. Klagstad, Controller of Marine Corporation says, "Muzak is helping us achieve our objectives of reduced errors and improved efficiency. Our six affiliates had their choice of systems. Our experiences showed them that scientifically planned Muzak will pay for itself many times over. The other systems which we tried were merely an added overhead burden, and therefore, an expense rather than a benefit."

*music by* **Muzak**

## Don't take their word for it.

And don't take our word for it. Prove it to yourself with a trial installation.

- ☐ I'd like to talk about it with a Muzak franchiser.  
☐ I'm still skeptical, send me more proof.

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

NB-4



# Nation's Business

August 1966 Vol. 54 No. 8

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## **7 WASHINGTON: A LOOK AHEAD**

Why Washington worries; end to Viet Nam fighting; where billion-dollar decisions are being made; banking boondoggle

## **14 EXECUTIVE TRENDS: Programmers from shoe clerks?**

It can be done, and it's only one of many sources firms scour in search for EDP aides; a new slant on paper work

## **19 WASHINGTON MOOD: They don't dig this security jazz**

Robert Kennedy may be filling a communications gap between LBJ and youths who will dominate voting lists in '72

## **23 STATE OF THE NATION: Progress in education**

Youths' curiosity about commerce may be used to dissolve much of the murk deposited on John Dewey's clear thoughts

## **27 RIGHT OR WRONG: Hubert Humphrey's dream**

Young people who visit Washington could learn much more about their government if they saw it in all its reality

## **31 How to stop highway slaughter**

An expert tells how business and government can cut down traffic toll that now claims more than 50,000 lives a year

## **34 He will decide when autos are safe**

Government official in charge of new program emphasizes business will receive fair shake from Bureau of Standards

## **36 Ahead: 17 months of strike threats**

This industry-by-industry check shows where unions will be applying the pressure between now and the end of next year

## **38 Washington slipped here**

Confusion surrounding a small town's quest for federal aid highlights the crisis in administration of the Great Society



#### **40 Revolution on Main Street**

Chambers of Commerce all over the country are charging into problem areas to help out their troubled communities

#### **42 BUSINESS: A LOOK AHEAD**

Death rays kill insect pests; brain-pickers study building design; brewers—and others—push product on leisure time

#### **50 Fringe benefits now rising twice as fast as wages**

New study shows these plush extras cost more than \$75 billion a year, add as much as \$60 to a weekly paycheck

#### **58 WORLD BUSINESS: What to expect**

From a Europe in flux come new, reliable guidelines that will give you trade and investment hints for the near future

#### **69 LESSONS OF LEADERSHIP: 'Watching Washington**

Willard M. Kiplinger has been doing just that for 50 years; here the famed newsletter editor tells what he sees ahead

#### **78 Now hear this**

Most of us absorb only 25 per cent of what we hear; these basic rules will help you improve your own listening rate

#### **84 What the computers will be telling you**

Plenty, although not some things you've come to expect or to fear, writes management forecaster Peter F. Drucker

#### **92 Over the limit**

Accidents can befall anyone in this dangerous age of ours; but the officials we elect can't guard us every waking hour

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Editor  
Jack Wooldridge

Managing Editor  
Tait Trussell

Associate Editors  
Paul Hencke  
Jeffrey S. O'Neill  
Walter Wingo  
John Costello  
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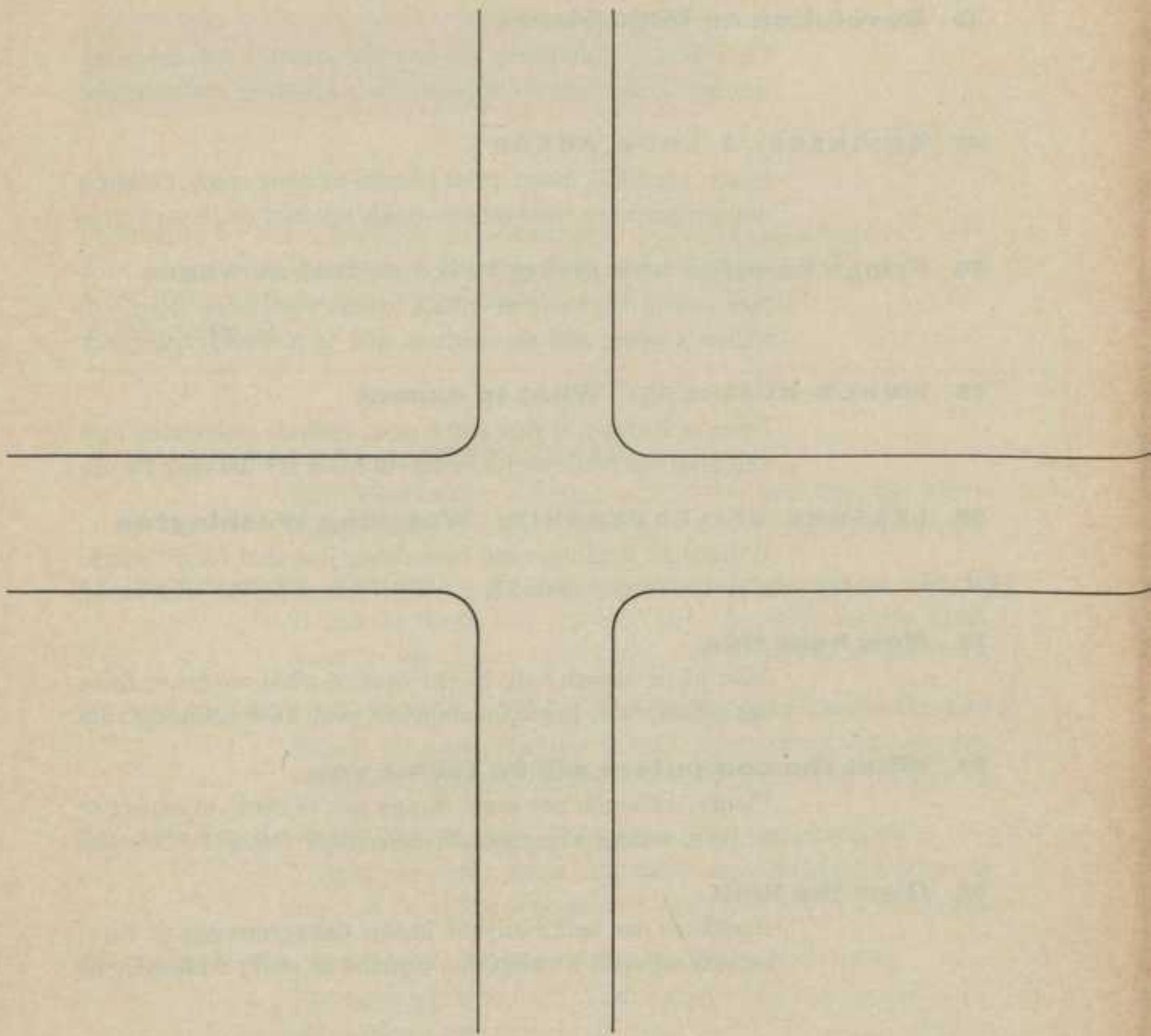
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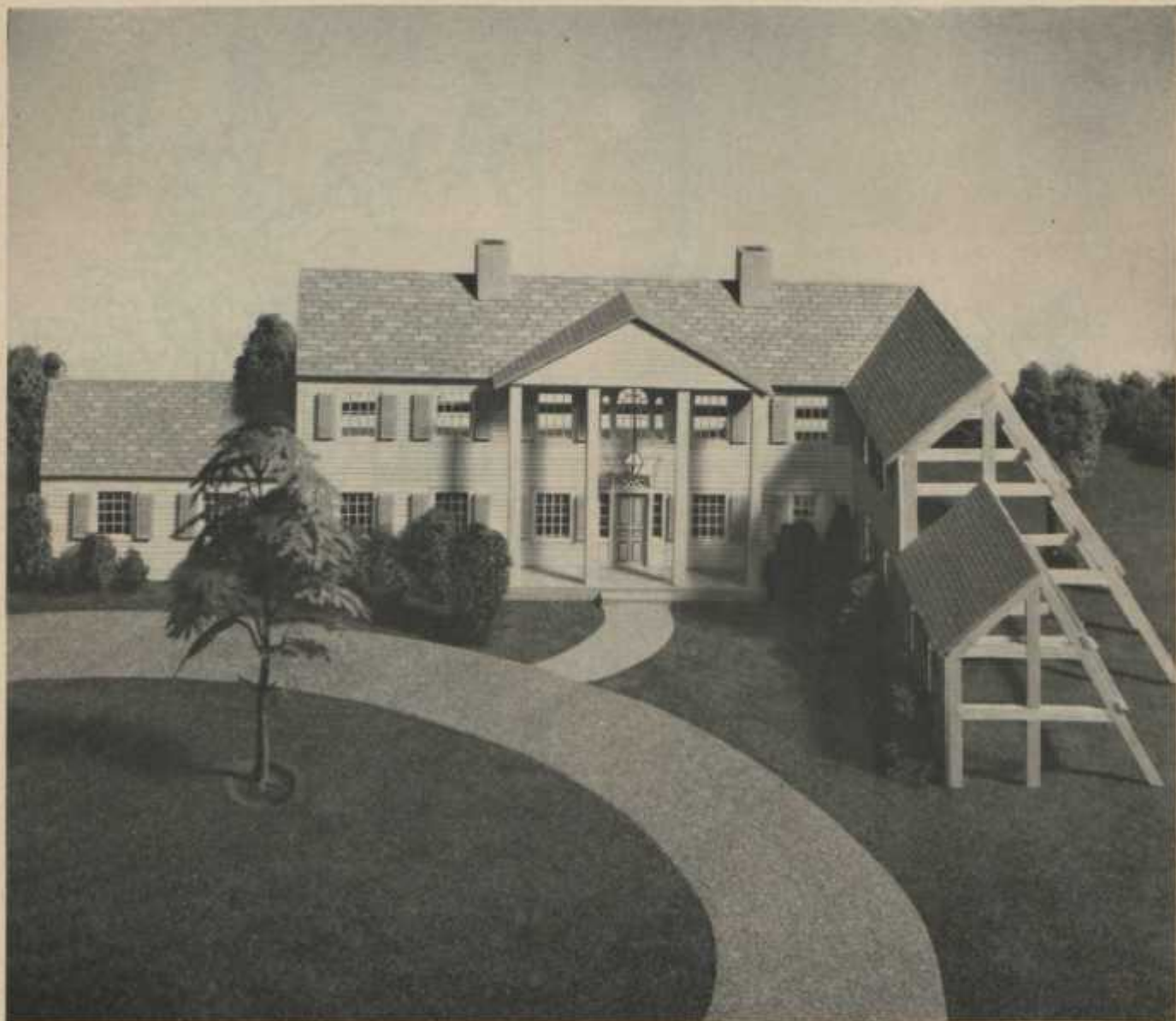


## income-section

Your city's treasury is the gainer when you put money-making public telephones on your busy sidewalks. And your citizens appreciate the convenience and 24-hour protection they bring. All this—yet there's never any capital outlay

or maintenance expense on your part! To find out more, call your Bell Telephone Business Office and ask for the services of our Communications Consultant. He'll plan a public phone program that pleases citizens and brings in commission revenue, too.





# Will your heirs inherit a substantial estate... or a mere facade?

**New York Life has a plan that can protect your estate against the effects of settlement costs and final taxes.**

You've put a lot of work and planning into building your estate. And, at first glance, it appears substantial. But how much will *really* be available for your heirs?

If you fail to provide ready capital to cover settlement costs and taxes, money to meet these expenses may have to be generated from the estate itself. And your heirs could be forced to sell a large portion of their inheritance... perhaps at a loss.

That's why it's so important to make plans *now* to protect your estate for the future. And a New York Life Agent can help — by showing you how life insurance can guarantee that funds will be available when they are needed.

For more information about this sensible method of estate protection, get in touch with the New York Life Agent in your community, or write: New York Life Insurance Company, Dept. NB 8-6, 51 Madison Avenue, New York, N.Y. 10010.

Life Insurance • Group Insurance • Annuities  
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# WASHINGTON: A LOOK AHEAD

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**Top politicians** with an eye on tomorrow are frankly worried over what Washington has wrought.

**The flood of new laws** is changing the whole way business and communities operate, run their affairs, attack their problems.

For the bureaucrats, it's something like trying to carry a double-bed mattress single-handed. You don't know how to grab hold of it. That's the way Washington officials are beginning to feel about the Great Society.

One Senator says the Great Society itself will rise or fall on whether it can implement all the new laws.

**It's not just the amount of money** or the number of new laws; it's their nature, how they overlap.

Take the Economic Development Act. It sets up regional planning commissions that cross city, county, state boundaries.

Take the Demonstration Cities Act. It would subsidize everything from welfare to housing to schooling. Every new law seems to stretch out its arms to take in as much as possible either in new areas or functions.

**Result: Confusion**, doubling up, waste, legalized spillage.

"We've got to have new machinery to carry it all out," say the bureaucrats. "Forget the tried and true. Let's have a new plan."

Already Washington has scrambled to get new grips on the problem. It created a new Department of Housing and Urban Development. It shifted water pollution control from HEW to Interior Department; consolidated Commerce Department; switched civil rights community relations to Justice Department.

**More changes are in the works.** Not only a new Department of Transportation, but other switches, shifts and consolidations are planned.

A special study in the executive branch frets

over how to coordinate all the new planning agencies and devices under all the new laws.

Should they set up a super White House Council to try to coordinate the mess? That's what one Senator proposes.

But the White House probably won't buy that. Many in executive branch are agin' it.

More Federal boards like the 12 now operating in key cities? Yes. More will be set up to help coordinate, help shovel the subsidies into the countryside. But it's not the whole answer.

**One White House aide** calls it a new "era in which federal laws and funds fail to achieve their full potential without a vast array of actions at all levels—action which we do not yet fully perceive or wholly comprehend."

But you'll have to live through it, try to keep up with it, try to shape how your own community will operate best in this era of bureaucratic confusion. (See "Washington Slipped Here," page 38.)

**When will Congress quit** passing all these laws?

Not for a while. Most lawmakers would love to adjourn Labor Day. But look at when they've stopped in the past five years: Sept. 27, 1961; Oct. 13, 1962; Dec. 30, 1963; Oct. 3, 1964; Oct. 23, 1965.

**An end to the Viet Nam mess** by winter. It's possible. That's the belief of a key lawmaker privy to Administration's war strategy. He talks of "resolution" of war, a "stability" along the lines of the Korean truce. Feeling is that the enemy could be driven to the bargaining table with stepped-up American offensive.

War's escalation would then drop off, with huge side effects:

For one, inflation kettle would cool a bit. We're now spending \$1 billion a month for Viet



# WASHINGTON: A LOOK AHEAD

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Nam. For another, the Administration could feel freer with our dollars. In other words, escalation of Great Society welfare rather than warfare.

Finally, talk of tax boosts would fade away.

**In the meantime** though—and until Viet Nam somehow is manipulated out of the picture as the top concern of everybody—inflation will stretch the economy's seams. Commodity prices, skilled manpower, construction money, union demands, you name it. Inflation will be busting out all over.

Most officials you talk to, however, discount the possibility of war ending anytime soon. As one put it: "I'd be stunned if the fighting ended by winter."

**Multi-billion dollar decisions** are now being wrestled with in the Victorian bastion across the street from the White House. That's where the Budget Bureau keeps shop.

Budget planners forecast an intense shrinkage operation this fall with more cost-chopping than last year when bureaucrats swore they were cutting spending to the bone. That time they lopped \$22 billion off what the agencies first asked for in new spending.

**This year for the first time**, the men around the President who review the money requests of all the departments have a new tool. It's a budgeting, planning system straight from business. McNamara brought it to the Pentagon from Ford.

You don't just add dollars to each budget category. Instead, you ask whether the category is worth having at all. It's cost-benefit analysis. You figure what's the objective of the program and couldn't it be done some other way better and cheaper.

**You'll hear a lot more** about this budgeting system. Already France wants to send someone here to learn about it. States also are interested. California already has done studies and figures it could save many millions in crime prevention, transportation, other areas.

Budget planners are even looking 10 years ahead to drastic decisions that could change

the economies of many sections of the country.

**Soviet propaganda** now hails American Vietnams and draft resisters as forerunners of new Popular Front that will be "ripe for exploitation by international communism," says Washington specialist in Red affairs.

There's big difference, though, in thrust of Soviet and Sino propaganda. Russians critical of America's role in Viet Nam, but soft-pedal direct attacks on Johnson, other key Administration figures.

Red Chinese, on other hand, blare away with violent denunciations of LBJ and his key men.

**Why the Soviet reluctance** to hit hard at LBJ?

A government Red-watcher explains it this way:

"Moscow would like to preserve its long-term options for more cooperation with the United States; the top people there apparently feel that all-out slams at President Johnson might wreck their chances."

Some Kremlinologists insist Russia really wants Viet Nam war to end, if only to take Red China out of spotlight. Reasoning is that longer the war goes on, the hotter it gets, the more this makes Peking, not Moscow, seem center of the Red universe.

## **Big bank boondoggle?**

If Congress okays Administration's proposed Federal Electric Bank it would in time have assets greater than 99.9 per cent of nation's 14,000 private banks.

Only Bank of America, Chase Manhattan and First National City Bank would be larger. Federal Electric would be larger than the Federal Deposit Insurance Corp. (assets \$3.3 billion) which for 30 years has insured virtually all bank depositors.

Administration-backed Federal Electric would have potential \$8 billion kitty.

New system would open vast source of capital to co-ops with tax-free status—to build, own and operate generating and transmission facilities to reach electric customers almost anywhere in U. S.



**The man who said,  
"Who needs a 5-year or 50,000-mile engine and drive train warranty\*?"  
never broke his  
Cylinder block, cylinder head, engine internal parts,  
or his intake manifold, water pump,  
or his flywheel, flywheel housing, clutch housing,  
or his torque converter, transmission case or its internal parts,  
or his transfer case, drive shafts, center bearings,  
or his universal joints, driving axles, or differential,  
or his drive wheel bearings.**

**We hope his luck holds out.**



**Dodge Builds Tough Trucks**

**DODGE DIVISION**



**CHRYSLER  
MOTORS CORPORATION**

\*HERE'S HOW THIS WARRANTY COVERAGE PROTECTS YOU: Chrysler Corporation warrants for 5 years or 50,000 miles or 1500 hours of operation, whichever comes first, against defects in materials and workmanship and will replace or repair at a Chrysler Motors Corporation authorized dealer's place of business gasoline and Perkins diesel engines (i.e., block, head, and internal parts, intake manifold, water pump, flywheel, flywheel housing, clutch housing, torque converter, transmission (i.e., case and internal parts, excluding manual clutches), transfer case and all internal parts, drive shafts, center bearings, universal joints, driving axles and differentials, and drive wheel bearings) of its new Dodge trucks, provided the owner has (1) the engine oil changed and universal joints (except sealed-type) lubricated and the oil-bath-type carburetor air filter cleaned every 3 months or 4000 miles (every 2 months or 1000 miles on models 400 through 1000), whichever comes first, (2) the engine oil filter replaced and dry-type carburetor air filter cleaned every second oil change, and dry-type carburetor air filter element replaced every 24,000 miles, (3) the park/brake ventilation system cleaned and replaced every 4000 miles, and (4) the transmission, transfer case and driving axle lubricants changed every 32,000 miles (every 20,000 miles on models 400 through 1000). The foregoing services must be performed more often when reasonably required due to severe dust or regular "stop and go" operation. Every 6 months the owner must furnish to such a dealer evidence of performance of the required service and request the dealer to certify (1) receipt of such evidence and (2) the truck's then current mileage.



## To sell more with your salesmen

*To the Editor:*

Robert N. McMurry writes a fine article, "Sell More with Fewer Salesmen" [June], but leaves out the most important element. He writes of the value of incentives and then adds the element of fear. He says the carrot (incentive) must be supplemented by a stick (the pink slip).

Certainly one who has been as successful as Mr. McMurry realizes that there is another method of motivation—far more effective than either of the two he mentions, but also more difficult to achieve.

This is ATTITUDE motivation—changing a man's attitude toward his job. Habits can be changed. They are changed the same way they were formed—by repetition.

Feed the mind of a man the basic ideas of successful selling on a repetitive basis until he accepts them, and he will then begin to use them instinctively and automatically.

Attitude change, unlike the temporary and weak motivation of incentives and fear, is effective for life.

THOMAS R. BEIL  
Motivation Associates  
Kansas City, Mo.

*To the Editor:*

"Sell More with Fewer Salesmen" [June] is one of the best articles I've ever read in my 20 years as a student of sales and salesmanship.

D. ALLEN JOHNSON  
President  
Pace Pools, Inc.  
Fort Lauderdale, Fla.

### No anti-poverty cure

*To the Editor:*

As Mr. Sypher points out in his reflective column on the anti-poverty program, "Promise-Her-Anything Won't Work in Washington" [June], we are selling a product which does not exist.

We are advertising it, opening up home and branch offices, buying Dictaphones and oiled walnut desks, turning hope-starved people into prospects, writing job descriptions and personnel policies and

yet we know we don't have a product.

Where else but in America can a woman meet with three \$28,500 (underpaid?) executives to discuss a product which basically does not exist and production plans are a political fantasy?

R. JEFF MARSH  
Lawrenceville, Ga.

### Cy Young's record

*To the Editor:*

In his article, "How to Say a Few Words" [July], author Edward S. Zellely says: "Pitcher Cy Young, known for the 511 games he won, also lost almost as many."

Since authoritative sources show Cy Young lost 313 games, the thousands of baseball buffs among your 765,000 readers in business and industry may be puzzled and surprised at Mr. Zellely's statement that 313 is almost as many as 511.

DOUGLAS G. CRONE  
Los Angeles, Calif.

### Romney's "new capitalism"

*To the Editor:*

It was good to see Michigan Governor George Romney considers that "his New Economics is phony economics."

However, some statements he made would require considerable more proof than was contained in this article "We Need a New Capitalism in America" [July].

For example, he says, "We have mistakenly removed wages—the biggest element of cost and price—from competition." Since a majority (I understand the figure is about 75 per cent) of employees are non-union, there would still seem to be a considerable element of competition.

In fact, the monopolistic practices of unions force a disproportionate number of employees to compete for the nonunion jobs—thus forcing non-union wages down while their own wages are held artificially high.

In the recent case of the Florida East Coast Railroad strike, the Supreme Court stated the correct solu-

tion to the problem of monopoly unions. In this case, the court asserted that it was not only a right but a duty for the railroad to continue to operate and serve its customers during a strike.

If all companies and governments would assert and recognize this clear right, union power would be reduced to a fraction of its present size and economy-crippling strikes would be a thing of the past.

This would help us return to true capitalism, and Mr. Romney's "new" capitalism would not be needed.

KEITH S. WOOD  
President and Treasurer  
Wood Brothers Mfg. Co.  
Oregon, Ill.

### Picking bright young men

*To the Editor:*

I read with great interest your article "Bright Young Men Choose Business Careers" [June].

However I was much disappointed with the narrow-minded destructively conservative suggestion to base the company's selection of employees on the records they have made, not on their potentialities, because companies successful in recruiting "usually try to avoid experimenting and risk-taking."

First, how much record of experience does a young graduate have for the company to base its judgment on? And don't many of the brightest graduates with the greatest potentialities have unfavorable records because of their eagerness to experiment and learn from their own mistakes.

Second, I wish the writer of the article would show good examples of companies that achieved remarkable success by avoiding experimenting and risk-taking. I can cite many convincing examples to the contrary.

ELAN NEEV  
Allentown, Pa.

### Not necessarily hell

*To the Editor:*

I have enjoyed many articles published in NATION'S BUSINESS since I have been a subscriber, especially the editorial, "War Is Not Necessarily Hell" [June].

S. C. LEVIN  
S. C. Accounting & Tax Service  
Des Moines, Iowa

*To the Editor:*

We would like to reprint in our newspaper, of course with the proper credit, your excellent editorial, "War Is Not Necessarily Hell" [June].

MRS. M. LEO ELLIOTT, JR.  
The Free Press  
Tampa, Fla.



# Air Express puts 21,000 towns on the air shipping routes.



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If there's a spot in the U.S. you can't reach by Air Express, we haven't found it. Here's why: Air Express is a joint venture of every scheduled airline in America and REA Express.

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**Air Express**  
Division of REA Express



لَمَّا بَكَى قَرْيَتَا

Arabic

再接再勵

Chinese

En  
tand  
bedre.

Danish

Wij doen  
nòg meer  
ons best.

Dutch

Wij  
proberen  
steeds  
meer.

Flemish

Nous faisons  
plus pour vous  
satisfaire.

French

Táimid As  
Déanam An-  
Iarraict

Gaelic

Wir geben  
uns mehr  
Mühe.

German

ΜΕΓΑΛΥΤΕΡΗ  
ΠΡΟΣΠΑΘΕΙΑ  
ΓΙΑ ΤΟ  
ΚΑΛΥΤΕΡΟ

Greek

Hooikaika  
oi aku  
makou.

Hawaiian

אנו  
משתדלים  
יותר

Hebrew

Faremo  
più e  
meglio.

Italian

私たちはもっと  
頑張ります

Japanese

Vi anstrenger  
oss ytterligere

Norwegian

Tentamos  
sempre fazer  
melhor ainda.

Portuguese

Nosotros  
nos esforzamos  
más.

Spanish

Vi gör  
vårt  
bästa.

Swedish

Te tutava nei  
matou.

Tahitian

Rao  
payayam  
prap pröong  
yu samur.

Thai

Ymdrechwn  
yn  
galetach.

Welsh



# Avis tries harder all over the world.



English

This ad might just ruin our image as the underdog in rent a cars.

But Avis has operations in 38 countries and we can't see keeping it a secret.

No.2 is still what we are. And No.1 is still ahead of us. Which means the Simca we rent in Nice has to be as clean as the Plymouth we rent in Newark.


We must say we had some trouble translating our Avis button. The closest the Germans can get to We Try Harder is, "We give of ourselves more effort."

In Italian, it comes out, "We will do more and better."

All of which is close enough to keep our foreign agents on the ball. (Wearing a sign saying that you try harder puts you on the spot to do it.)

If you'd like any of these buttons yourself, drop into an Avis agency. There's no car attached.





# Executive Trends

- Where to find that programmer
- On ungoogling gobbledy
- The case for paper work

## Making EDP programmers from shoe salesmen

Seers predict that demand for computer programmers will treble or quadruple by 1970.

Today there are between 200,000 and 300,000 of these much-sought specialists at work. You and other computer owners and potential owners will be bidding for their services, particularly the experienced. Those who have worked with computers can be five times as productive as neophytes, experts claim.

Some help in meeting future demand for those who speak COBOL and FORTRAN (the mathematical languages of electronic data processing) is coming from universities. Nine colleges and universities now have separate departments of computer sciences, and by the early '70's graduate-level programming education will be as specialized as the varying specialties of medicine and engineering today.

Most companies now seek experienced programmers and people with degrees in business administration, physics and math. But until the apparent education and training gap closes in the next several years, you may well have trouble hiring able programmers.

Alternative: Train your own people, even those who never thought they could be electronic linguists.

One computer manufacturer says top-notch programmers can be developed from a wide range of educational and job areas including agriculture and clerking in a retail shoe store. A knack for math is

helpful, but the primary skill needed is a logical approach to problem-solving, says this manufacturer.

## Some practical advice for the computer shopper

Got a \$100-an-hour, electronic slob on your payroll?

Some firms find they do—after renting or buying an expensive computer. How to keep this high-priced hired hand suitably employed has often proved a headache.

Here's how to avoid that, says P. Adger Williams, second vice president, The Travelers Insurance Companies, who was in charge of planning the firm's new data processing system:

1. Nail down in advance exactly what you want your computer to do—then get one that will do it.
2. Force your managers to plan ahead—using simulation and the computer to anticipate future problems.
3. Don't forget that computers can't plan—only furnish data for planning.
4. Make your planners a mix of managers and technicians—with both schooled so they understand each other and speak the same language.

## You, too, can wage war on written gobbledygook

The federal government is making a new, ambitious effort to rid its written communications of com-

plex, pompous and confusing language. And business might learn a trick or two from what government is doing.

It all started with "Gobbledygook Has Gotta Go," a sprightly book written by John O'Hayre, an employee of the Bureau of Land Management. (Copies may be obtained at 40 cents each from the U. S. Government Printing Office in Washington.)

In a plea to his fellow writers in government, Mr. O'Hayre calls for use of concrete, clear and simple language. He urges avoidance of general, abstract and "lawyerish" terms, advice which has obvious application in business as well as government.

"For every word you write in a letter or memo," says Mr. O'Hayre in one chapter addressed to fellow BLM employees, "you pay 1.6 cents. For every 10 words you write, you could buy 16 one-year-old pine seedlings. Or for the cost of the 38 million words BLM writers put into memos, letters and news releases in one year, you could buy 60.8 million pine seedlings, enough to cover 101,000 acres with 600 trees per acre."

Numerous examples of the horrible in writing may be found in the book. All could have been avoided, Mr. O'Hayre argues, if the writers had observed this rule:

"Have something to say; say it simply; quit! After you've quit, go over it again with a harsh pencil and a vengeance, crossing out everything that isn't necessary."

## Summer special: The case for paper work

Comes now an authority who charges that frequent criticisms of paper work and the presumably nonproductive white-collar worker are both unfair and inaccurate.

The man with the counterarguments is Adrian M. McDonough, professor of industry at The Wharton School of Finance and Commerce, University of Pennsylvania.

He holds that since we have become such an information-hungry society both paper work and those who handle it have become more, not less, essential cogs in our economic machinery. "The largest market in the United States today," he notes, "is the market for information—for information that ranges from 'nice to know' to 'need to know.'"

In fact, says the professor, a business actually may need more pa-



Judy is going  
to copy 88 letters  
on the "914" dry  
copier. It'll take  
her about 15 minutes.  
They'll look pretty good.



Barbara is going to  
copy 88 letters on the  
Bruning 2000 dry copier.  
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## EXECUTIVE TRENDS

*continued*

per-work personnel than it now has, depending on what its information needs are. To make paper-work (i.e. information) systems truly productive, he reasons, we should extend the concept of productivity to “all who work with facts and figures; those who collect, process and interpret information.”

But to insure productive paper work, Prof. McDonough continues, business and government need better means for evaluating the information they gather. This means that an organization's needs for information should be carefully studied, priorities set, data classified, existing information better “described” so that management can use it intelligently.

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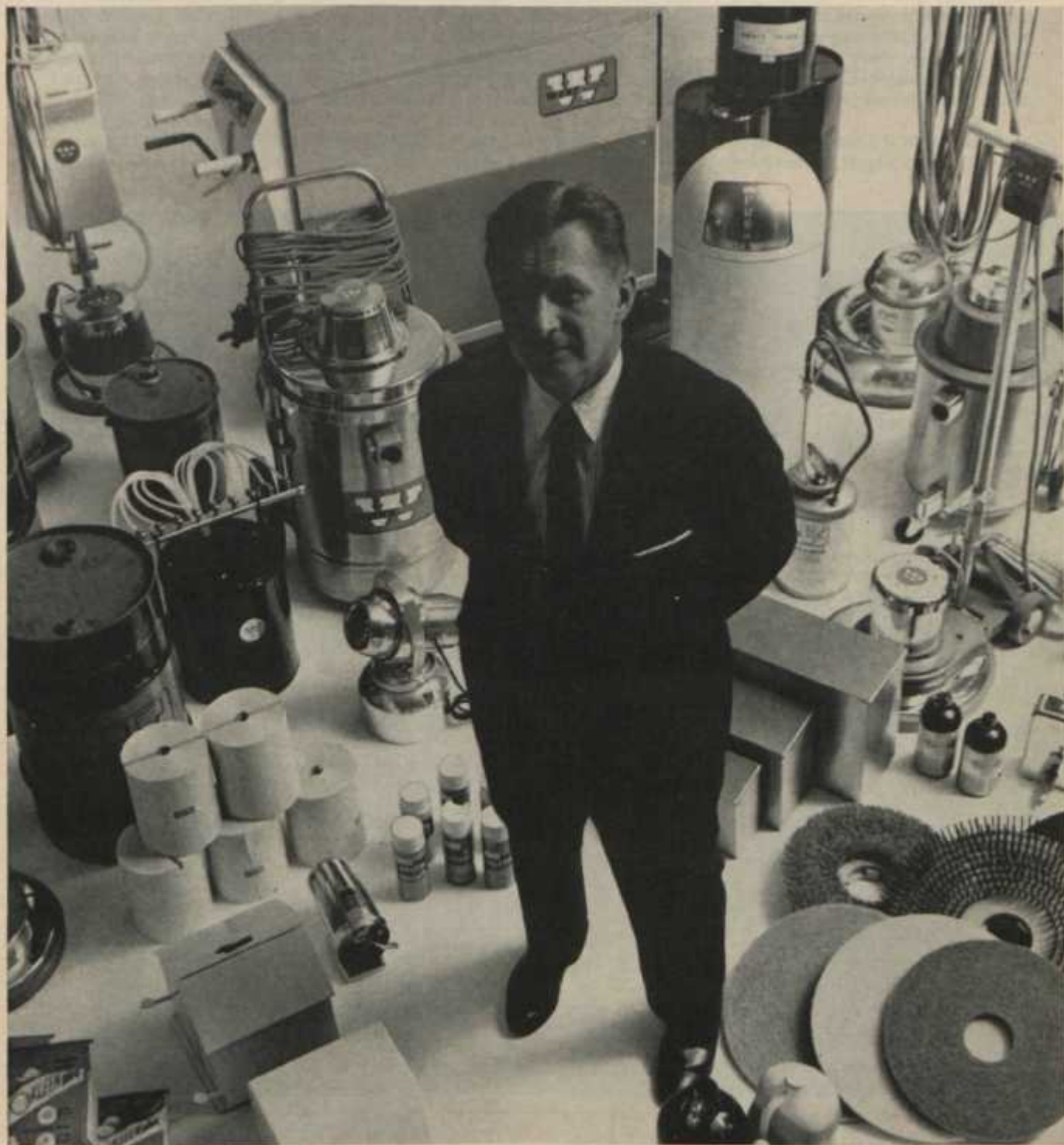
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# N C R





# They don't dig this security jazz

BY PETER LISAGOR

A newspaperman recently opened a conversation with President Johnson by inquiring, partly in jest, when he was going to get rid of some of the "tired old men" in his Administration. The remark pricked a sensitive nerve. "When are you going to retire old So-and-so?" the President flashed back, referring to a respected pundit who writes for the same newspaper.

The President and other Administration officials resent nothing so much as the charge that they constitute a tired, middle-aged government. Insult is added to injury to say that they are out of touch with those young Americans who yearn for plain talk and gag on extravagant rhetoric, who aren't yet persuaded that a truly Great Society looms across the mesa, whose urban experiences make the small-town or rural America they see on television or at the movies not a reflection of anything real, but an excursion into make-believe.

It is, of course, an exaggeration to say that the Administration is peopled solely by old fogies, just as it misses the mark widely to claim that the young and the youthful in this land are uniformly hip, generally serious, idealistic and progressive in their outlook.

If the accent is not exactly on youth in the Johnson Administration, except for an occasional brilliant exception, one has only to observe the indolent demeanor, unkempt appearance and absurd obsession with unmowed hair (as if it shielded them from their harsh environment) of many youngsters to realize that the mythology of Frank Merriwell, Horatio Alger and Jack Armstrong is not altogether rampant.

• • •

But something's out of balance. The college kids especially sense it. They feel the gap is not only between generations. It runs to what they think is a misunderstanding of, or indifference to, the nature of an urbanized society whose imperfections glisten

*Mr. Lisagor is the White House correspondent for The Chicago Daily News.*

all the more brightly through the façade of affluence.

These kids simply don't cotton to all this jazz about greater security, more jobs, better health care, larger school opportunities and the other rallying points of the Great Society. They hunger for something more, which they can't articulate too well and may be intangible, but which is nonetheless important to them.

In a recent conversation with a very high Administration official, a Midwestern college graduate student listened to a glowing recital of current programs



*LBJ's sales pitch for the Great Society sounds old hat to the young Americans who will vote in the '70's.*

and what they augured for the future. It had a Golden Age ring to it.

But the young man was disquieted. The emphasis on material well-being, on how much was being spent for this and that program, disturbed him. He interrupted politely to ask about "other values." He said he was concerned about "the invasion of privacy . . . the proliferation of electronic bugging devices, the wire-tapping . . . the suspicion of those who would protest against government policies."

The official was, in turn, dismayed; this introspective young man didn't seem grateful enough for the social repairs being made. As they talked at, but not



## TRENDS: WASHINGTON MOOD

to, each other, it was evident that communication was somehow incomplete. The gap was plain.

• • •

Administration officials grudgingly concede that the President has had trouble getting through to the student population of this country. But they hasten to argue that the farm boys, the young factory workers in the cities, the less highly bred and educated youth who have had to hustle for a living—that these young Americans identify with Mr. Johnson. They are said to be more interested in the bread-and-butter issues, and they presumably understand the President when he talks of the times when he had to fight in Congress for a 25-cent minimum wage law and when social security was viewed as a radical departure from American traditions and when he, as a boy, watched the folks around Johnson City, Tex., try to cultivate the hard caliche soil on which they lived. Or so Administration supporters contend.

But, say those who believe the Administration is in a middle-aged funk, so to speak, the President is rehashing some pretty tired history in his misty recollections of the New Deal of Franklin D. Roosevelt. They simply think this kind of talk is dated, that LBJ and his chief lieutenants haven't caught up with the changes in America.

• • •

As with everything else in Washington, the Administration's difficulty in establishing contact with young America takes on unmistakable political overtones. If there is a vacuum here, one man has moved to fill it, most local observers agree. That man is Sen. Robert F. Kennedy, the New York Democrat, who is inevitably regarded as a rival of Vice President Hubert H. Humphrey for control of their party after Mr. Johnson retires from the scene.

For reasons that go far beyond the fact that he has inherited the rich political heritage of his brother, the late President John F. Kennedy, Bobby Kennedy seems to be a magnet for youth. An air of mutual discovery surrounds them. He respects their intelligence and talks directly to them on a mature level, and the response is usually one of enthused appreciation.

When he went to the University of Mississippi last spring to speak at a Law School forum, even the most unreconstructed Ole Miss man had trouble concealing his admiration for the man generally blamed for the murderous riots that accompanied desegregation on the campus in 1962. They were prepared to hate him; they wanted to see him stumble. Without a trace of self-righteousness and with a touch of dry hard humor, he held them in respect and was rewarded in kind.

Kennedy calls the youth of today "the only true international community." He excites them with talk of the "excitement of danger." In one speech he made at the University of Capetown on his nervy trip to South Africa last June, he stirred the imagi-

nation of young men everywhere when he spoke of "the illusion of difference which is at the root of injustice and hate and war."

"Only earthbound man still clings to the dark and poisoning superstition that his world is bounded by the nearest hill, his universe ended at river shore, his common humanity enclosed in the tight circle of those who share his town and views and the color of his skin."

"It is your job, the task of the young people of this world to strip the last remnants of that ancient, cruel belief from the civilization of man."

There is no condescension in this language, and many young men feel exalted and challenged at the same time by it. But not all believe Kennedy to be an artless apostle of his brother's works or an innocent laborer in the vineyards of the young. "It is a conscious, calculated campaign," a young college editor said recently; "he can afford to talk the way he does because he hasn't the responsibility of Vice President Humphrey or the President. He knows that saying such things is popular with most students, and I feel much of it is contrived."

• • •

Kennedy's motives aside, his impact is unquestioned. And it must be a source of small comfort to other aspiring Democrats in their late forties and early fifties to realize that the youngsters listening to Robert Kennedy today will be dominating the voting lists by 1972, when it is expected that he will be among the dominant claimants to the Presidential nomination of his party.

According to Census Bureau figures, by 1970 an estimated 76 per cent of all Americans will be under 50 years of age. The median age at that time will be between 26 and 27, the lowest in 40 years. By 1972, there will be many more millions of Americans of voting age. The meek may eventually inherit the earth, but in the early 1970's the youth of this country will be the single most influential group, and few politicians are likely to neglect the fact as they become aware of it.

Already, there is vague, insubstantial talk that President Johnson, if he feels threatened in a 1968 bid for a second full term, might toy with the idea of substituting Kennedy for Humphrey on the Democratic ticket. This is a bit farfetched today because of the seemingly unbridgeable gap in sentiment and outlook of LBJ and RFK, but the fact that some politicians are willing even to muse about the possibility suggests that it is not unimaginable.

• • •

If the politicians start wooing the youth, the prospect for the future would seem to be a wholesome one. For the youngsters have a true ear for buncombe and cant and malarkey. They have a literate appreciation of the fact that some things go wrong, that mistakes are made, that this isn't the best of all possible worlds, that the cities must be dramatically healed of their chronic afflictions and that the spirit also counts. This is their litany, and the politicians in and out of the Administration would do well to heed it.



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# At last, some progress in progressive education

BY FELIX MORLEY

It is now just 70 years since Professor John Dewey launched his first Experimental School in Chicago and introduced the "life adjustment" idea to American education.

Lack of reality was the target of this famous philosopher's attack on the public schooling of his day. Education, Dewey maintained, is mere task-work unless the pupil sees some connection between his studies and his personal experience. He should "learn by doing" and the process should start at a very tender age. Johnny has a dime and is told that lollipops cost five cents each, or three for 10. How should he lay out his capital, and why?

During the intervening years Dewey's concept of progressive education has been developed, almost out of recognition, in every line except the humdrum matters that concerned him most. Public schools have instituted courses in "How to Make a Date" and in the "Effective Use of Makeup." There are model U.N. Assemblies for children who have no idea of how the garbage is collected from their homes. Seldom can any American schoolchild explain what gives value to his spending money, or why that value is steadily diminishing.

Dewey said: "The pupil rows the boat but the teacher steers it." This emphasis on the importance of active juvenile participation has been carried to absurd extremes. There have been expensive private schools with no fixed periods and no regular classes. When the pupil wanders in he is asked what he would like to do, and if the answer is "Play basketball," that is the day's instruction.

When such absurdities are discounted there still remains the general contemporary tendency to let the pupil steer as well as row. Many "educationists" solemnly argue that if a child finds it difficult to learn the alphabet, he should not be forced to do so; if the multiplication table baffles him, forget it; if he doesn't want his hair cut, let him look like something that has crawled out from under a rock.

The result is the high proportion of beatnik gradu-

ates, let alone dropouts, who can neither read, write nor figure with any competence. Unfortunately, many modern disciples of John Dewey completely ignore his emphasis on good manners and stern discipline; his insistence that: "Mastery of the three R's is the basis of all future learning."

• • •

Dewey's voluminous writings in the field of education reveal that he himself had little interest in technical economics. That is probably one reason why the subject has been neglected in the public schools which otherwise he has so greatly influenced. A related reason is that the subject is a closed book to most teachers. Generally they have been trained in the techniques of pedagogy rather than in subject matter. Even those who direct the social studies seldom have any real understanding of how business operates.

But the causes for the neglect of economics in our public schooling is less important than the cheerful fact that this deficiency is now being rapidly corrected. In the coming academic year about twice as many high school students will confront the subject as was the case a year ago. It is even being tested at fifth and sixth grade level.

A leading agency in stimulating school study of "how we live" has been the American Economic Foundation. Under the talented leadership of Fred G. Clark and Richard S. Rimanoczy this New York organization has concentrated on the simplification of economic principles and their adaptation to vivid classroom instruction. Its "Hall of Free Enterprise" at the New York World's Fair proved a very popular attraction for young and old and an important factor in getting this study into the public school curriculum.

Other independent organizations—including the Chamber of Commerce of the United States—cooperate in demonstrating that, when skillfully taught, economics can be a fascinating rather than a dismal science. The National Schools Committee for Economic Education distributes the teaching guides and material produced by the AEF. And the regional

*Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.*



## TRENDS: STATE OF THE NATION

seminars of this Committee serve to overcome the reluctance of social science teachers to discuss difficult theoretical concepts. Instead, the emphasis is placed on Dewey's principle of "learn by doing."

At lunchtime, for instance, a box of dry crackers may be set before one pupil; a pitcher of milk before another, a plate of butter pats before a third. Each child immediately sees the desirability of trading a surplus he doesn't want for items he lacks. From this object lesson a good teacher can readily move on to a discussion of the division of labor; of production, transportation and marketing; even of international trade. Then the morning newspaper becomes interesting for more than its comic page or sports section, though even the latter can be used to discuss the trading of a local ballplayer to or from another team.

• • •

One problem is how to fit economics, as a newcomer, into an already crowded school curriculum. Some would substitute it for the course on "How to Make a Date," which most adolescents seem to know instinctively. But it isn't necessary to be drastic with current faddism. A procedure proving very successful is to mingle economic concepts with established courses, such as geography and history.

On the former, the countries which provide products for the family automobile can be identified. In American history, the British restrictions on colonial enterprise, rather than reference to the vague personal "tyranny" of poor George III, has been found to give a far better than customary understanding of 1776.

Much as the first Sputnik stimulated scientific studies in our schools, so communist industrial advance is focusing attention on the need for American youth to have better understanding of the accomplishment of free enterprise. And it is no longer true, says the American Economic Foundation, that our young people are "basically anti-business," as was indicated by the opinion polls of a decade ago.

Thus a survey recently analyzed by this organization gives the opinions, of nearly 10,000 high school seniors in 24 cities, on key questions relating to the free market economy. Almost 70 per cent answered in the negative to the query: "Should the Federal Government set a limit to the amount of profit a business can make?" The vote against price-fixing was equally conclusive when it was asked: "In normal times, do you think competition keeps most prices fair, or is Government control required to keep them fair?"

In their analysis Messrs. Clark and Rimanoczy conclude: "A lot of education has flowed through the schoolroom in the past 10 years; not formal textbook economics, which is still reserved for the few, but *informal* economics; interesting movies, charts, slide films and other resource materials that weave basic economic principles into the social science curriculum. In fact, intelligent teachers . . . can impart them without any special materials."

This trend may be expected to strengthen, as more

educators come to realize that the curiosity of juveniles about commercial operations is easy to arouse and may well spell the difference between the indifferent dropout and the student who sees that schooling has real personal meaning. The plethora of federal aid projects, in spite of extravagance and inefficiency, can scarcely fail to give indirect help in furthering economic understanding among the coming generation. But the decisive impetus is now coming from the local business groups which are persuading school boards and educational administrators to make the social science classes foci of interest instead of boredom.

• • •

Teacher cooperation in economic instruction is the more to be expected because it is so clearly in line with the principles laid down by John Dewey, whose influence on teacher training is at least as strong today as when he died in 1952. His theories are no less applicable because Dewey was not himself an economist, but interested in the concepts that underlie every fruitful branch of education.

It was fundamental in Dewey's thinking that the good teacher must be a salesman, and that his task as such is basically easy since every healthy child is naturally eager to learn. "To children the whole world is new."

The teacher, however, must, 1, understand the personality of every pupil as an individual and, 2, be aware of the environmental influences which are forming the pupil's individuality outside the classroom. This is where the professional problem becomes so difficult, because with large classes, and now with newly integrated schools, these two demands on the teacher are almost more than he or she can hope to fulfill.

The Deweyite is therefore forced to fall back on another of his mentor's axioms:—"that education is a development within, by and for experience" and that the value of educational experience depends entirely on whether or not it helps the child to become a responsible member of society.

Unless the teacher himself understands the nature of that society—how it functions and how it is governed—he cannot contribute helpfully to the development of the child's understanding. Therefore, said Dewey, education should never be called progressive if it is merely "planless improvisation."

Unfortunately, in this era of increasing pressures, that is what much public school education has become. And to restore the clarity of Dewey's thinking, some solvent that will dissolve a lot of murky deposit is necessary.

There is much evidence that the answer may lie in more and better instruction in the way people make their living, and how the work of one relates to that of another. At least the catalytic agent of informal economic instruction is being increasingly and helpfully employed in many of our schools.

Currently Washington is spending more than \$2 billion annually in furthering university research. It has been left to private foundations, working on a shoestring, to give some education on how such money is raised.





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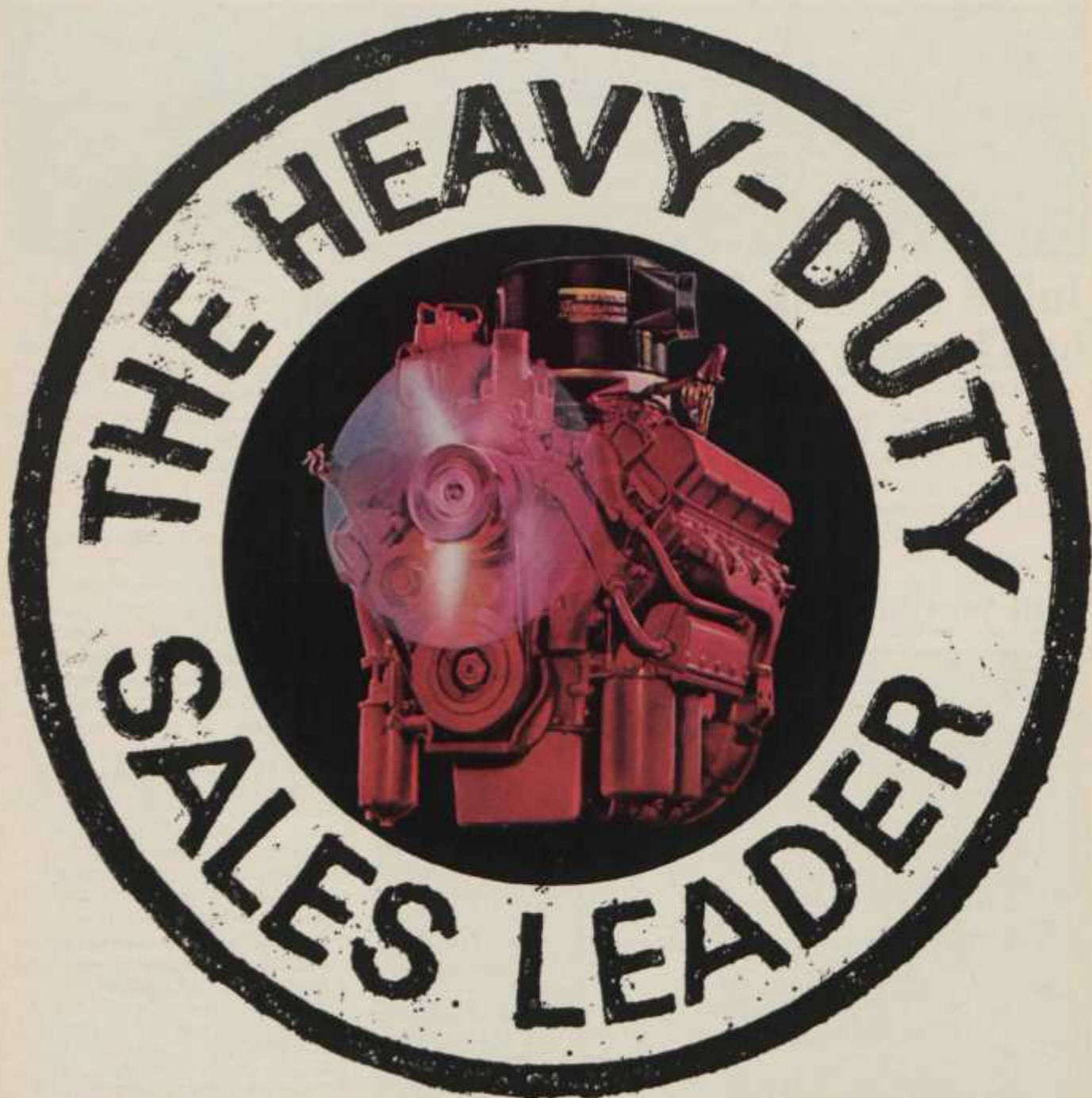
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# Can Hubert Humphrey's dream come true?

BY ALDEN H. SYPHER

Washington briefings for young Americans, an adventure sponsored by Vice President Hubert H. Humphrey, could have an important and lasting effect on American government.

These briefings are one of the Vice President's dream projects, a description that becomes more clear as the program is examined.

They grew out of Mr. Humphrey's conviction that visiting students don't get as much as they should out of their trips to the nation's capital, a problem that long has bothered him.

So he dreamed of more meaningful visits, offering better understanding of what really is going on in our government, what we do overseas, in research and development, in defense.

From Mr. Humphrey's dreams came a pilot project. Two programs were tried out on 12,000 visiting students early this summer. The results are being studied, and the Vice President has expressed hope that the idea will grow into something big, permanent and popular.

There is no doubt that a tremendous opportunity exists to give the thousands of students who visit Washington each year a better understanding of how their government really works. But to take advantage of that opportunity will require many changes in the program outlined by Mr. Humphrey.

Polished scripts produced by professionals were used in the pilot project. On the first tryout, students were herded into the huge Departmental Auditorium. There Richard Chamberlain, better known as Dr. Kildare of TV fame, took the stage as elocutionist of the government script.

On following days young career specialists from the Departments of State and Defense, and others, made carefully prepared remarks about the policies, and aims and functions of their bureaus. At night inspiring music was played by the National Symphony Orchestra.

*Mr. Sypher, a life-long journalist, is the former editor and publisher of NATION'S BUSINESS.*

On the second run-through the program was pretty much the same, with another actor relieving Dr. Kildare as elocutionist of the federal script.

The dreamlike quality of all this, of course, is the idea that school kids want to hear canned talks, and patriotism played by the National Symphony Orchestra, when they've journeyed to the land of the Watusi, Frug, Monkey, Swim—and where, they've heard, the LBJ Stomp shakes the old White House as late as 3:00 a.m.

Certainly there is much imaginary vision in the picture that would show teen-agers held spellbound—or even listening—to carefully voiced projections of

PHOTO: WASHINGTON POST



*Visiting students don't get to see the real Washington at Vice President Humphrey's new briefing sessions.*

policy, when practice is so much more vivid, interesting and at hand.

These kids come from homes with TV.

Who cares what some lower layer expert says about State Department policy, when you can hear and see the headman himself, Secretary Dean Rusk, explain what Premier Nguyen Cao Ky really meant when he said something that sounded quite the opposite?

These relatively minor defects in programing should not deter Vice President Humphrey in his



## TRENDS: RIGHT OR WRONG

determination that school children visiting Washington be shown how their government really works.

Mr. Humphrey was professor in political science at Macalester College during 1943 and 1944 and unless he lets his practical experience since then cloud his vision, he knows that the better informed the electorate, the better the government will be.

Since more than 600,000 school children flood into Washington every year from nearly every state in the nation, and a few from foreign countries, the opportunity to arm them with straight information is too great to be overlooked.

And while chamber music won't move mountains, if properly informed the children could become a tremendous force for better government.

• • •

The first step in a more practical program might be to show them, firsthand, what's wrong with the government they have now.

Such a program could start with a slum tour, covering such areas as Georgetown, Chevy Chase and Spring Valley where some Senators and Representatives live in such abject poverty that \$100-a-plate charity dinners are organized periodically by their acquaintances to raise purses to help them make ends meet.

Many, if not most, of these homes will be in the \$70,000-and-up class. To most of the visiting school children they may look like mansions, compared with the shelter they call home.

Therefore great care must be exercised in this part of the program. Children are not as naive as adults, particularly those adults who have been annointed regularly with political snake oil.

Only the most convincing speaker should be entrusted to present the Representatives' position that their pay and allowances are not enough to cover the cost of living in Washington.

For these kids may have had their hands on civics books. They may know the Representatives' pay is \$30,000 a year, plus allowances for offices, secretaries, clerks, aides, experts, travel, telephones and so many other things that few Senators have added them all up. They may know, too, that these public servants have passed laws making themselves eligible for pension after five years of service.

And some smart child may even know that the governor of his home state is paid only \$10,000 a year (two of them are), or that the average of all governors is \$23,842, which is considerably less than Representatives' pay.

So unless extreme care is taken in explaining this situation, some of the children might revert to home town terms, and conclude their Senators or Representatives are fourflushing, and that this is supported by chiseling.

• • •

Of course not all Congressmen support their Washington style of life through testimonial dinners. How

many is not known, since some of these activities are less visible than others.

Sen. Eugene McCarthy, Democrat of Minnesota, might be considered something of an authority in this general area. He is a member of the Select Committee on Standards and Conduct. That committee was inquiring into the activities of another Senator whose testimonial tributes ran into six figures when Senator McCarthy observed that the dilemma facing the committee was best expressed in the Biblical quotation of Christ: "He who is without sin among you, cast the first stone."

Which would indicate he thinks the practice is quite widespread, and that nothing much will be done about it by Congress.

Which gives the school children the great opportunity to press back home for Congressmen who can squeeze a living out of \$30,000 a year, plus many allowances.

It should be made clear to the children that there are two kinds of \$100—or even \$1000—a-plate dinners. Some are held to raise political campaign funds. The others, the kind under discussion here, are testimonial dinners in which the statesman simply slips the proceeds into his pants pocket and, if he's smart, onto his income tax form.

It should be made clear also that no convincing claim is made that senatorial pay is insufficient to meet the costs of doing the job the Senator was sent to Washington to do.

The pinch comes when the Congressman decides to make it big on the cocktail and night life circuit, which may or may not be beneficial to the job he's doing for the folks back home.

As one newcomer to the bright lights from a comparatively dull existence in the Midwest put it:

"My wife has to have a much larger wardrobe here than she needed back home."

That's a problem faced by many celebrities. Louis (Satchmo) Armstrong said of his third wife, Alma:

"She always wanted to signify with the chorus girls—new fur all the time, so they'd say, 'Damn, what kind of fur is that?'"

• • •

For another quick look at how the government really works the school children's tour might swing through Somerset, a close-in suburb where the family income average is the highest in the entire Washington area.

There the children could see what kind of a community is benefiting from two federal grants totaling \$156,351 for the purchase of land to preserve open space.

From there the tour could swing into the very heart, a few miles away, of Washington's deepest slum, the Cardozo area. This must be done in daylight. There isn't much to see at night. Until recently, the federal government wasn't able to raise the few dollars it would take to light the schoolyards for night play areas—Cardozo's open spaces.

The Vice President had a great dream. If the school children are shown what their government really does, there's a good chance that sooner, or later, they'll change it.



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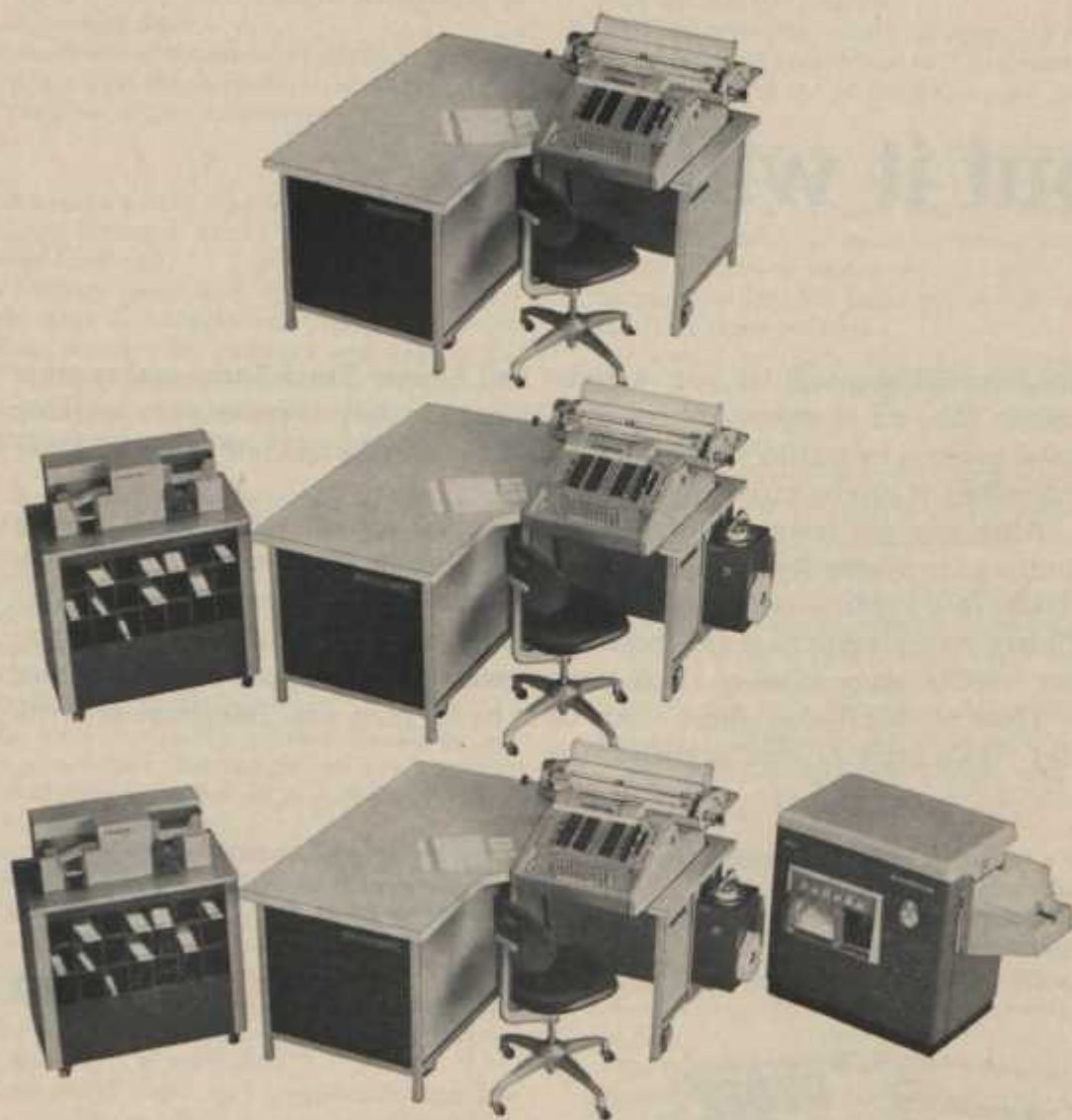
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# How to stop highway slaughter

BY RUSSELL I. BROWN

President, Insurance Institute for Highway Safety

For the first time, the federal government is now directing its attention to traffic accident prevention on a major scale.

There's urgent need for American business to start doing the same thing. Its own interest demands it.

The truth is that traffic accidents have gotten out of hand. The President has called them "the gravest problem before this nation—next to the war in Viet Nam." He's right.

As of now, it appears certain that traffic deaths in the United States this year will pass the 50,000 mark—up 12,000 in a mere five years.

Close to two million others will be injured severely enough to be disabled beyond the day of the accident—many of them for life. This is only *part* of the price we'll pay this year for the more than 13 million accidents—25 every minute—that are going to happen.

The rest of the price will be measurable in money. Projecting National Safety Council figures, we'll likely reach or exceed \$9 billion this year in the roughly measurable costs of traffic accidents.

These are costs that can be estimated with acceptable accuracy, such as property damage, medical and hospital expenses, wage losses and the overhead cost of insurance.

This figure does not include costs to employers of off-the-job traffic accidents of employees—costs due

to absenteeism, labor turnover, training, retraining, recruiting.

## **Cost—\$600 an accident**

Yet, the National Safety Council indicates that it costs an employer an average of \$600 for each employee injured in traffic, and that average time lost from the job is 112 man-hours. That can add up to a lot of money—a lot of lost productivity.

This sort of thing has come about because the job of traffic accident prevention isn't being done well enough by those who should be doing it: The states and local communities.

To help them do better, the President has called upon the Congress to approve a multimillion-dollar federal program. The greater part of the money will go to assist the states in upgrading their traffic safety activities.

The expanded federal program should stimulate accelerated action at the state and local levels. This combination has large potential for reducing accidents. But attaining this potential is going to require active participation by private business.

This means not just those in private life whose business is safety. It means all. Based on my 16 years as a traffic safety professional, here's a five-point plan for teaming



# How to stop highway slaughter *continued*

the capabilities of the government and private sectors now in dealing with some fundamentals. We need:

1. A national study of the economic impact of traffic accidents.
2. An intensive, nationwide program to overhaul all public records relating to the management of motor vehicle traffic.
3. Greatly accelerated training programs, with scholarships, for personnel in all areas of traffic safety.
4. Intensified government and private research, planned to give priority attention to the problems of greatest urgency.
5. A specially designed continuing program of public education.

The economic study is needed because neither business nor the public has ever realized the size or the extent of the impact. We have some indication from the figures I cited. But the study would disclose, for the first time, the direct and indirect costs that traffic accidents impose on all of our economy.

## **How businessmen can help**

It would show where and how and in what magnitude these costs are being imposed. It would give business leaders dollars-and-cents evidence of the need for them to become principals in dealing with this critical problem.

This study should be conducted by some private organization of recognized competence. The support of business will be essential: It must open its doors to the students.

The second need in the five-point plan is to upgrade traffic records—all records relating to the management of motor vehicle traffic, including those of police traffic supervision, traffic courts, driver licensing and financial responsibility.

The function of records is to give the facts about the highway transportation system. Without facts, traffic safety programs have to be based upon opinion and guesswork.

Yet, collection, analysis and use

of traffic records is one of the weakest links in our safety efforts.

This is a job that must be accomplished without delay. It should cover all levels of government, and should be a cooperative venture of government and businesses.

Business, as well as government, needs these records. The insurance business needs them as guides to rate-making. Automobile and tire manufacturers, to point up opportunities for safer products. Manufacturers of road signs, paint for pavement markings, guard rails, cement and asphalt. The motor transport and the data processing industries. Suppliers of equipment for official agencies. Publishers of reference and textbooks.

When business uses these records for this public interest purpose, it is gaining stature with the public. And, the better the records are, the better they serve these ends.

## **Needed: More experts**

Third in the five-point plan: Training. The simple fact is that, no matter how good an accident-prevention program may be, it can't succeed without qualified people. Unfortunately, there are serious shortages in trained personnel. And the situation is becoming worse.

We need a large-scale scholarship program for the education and training of persons preparing for careers in traffic, and for those already engaged in traffic work.

And we need to prepare more instructors to provide this education and training. These should be joint projects of government and private business.

Next point: Research. The need is so great that we must mobilize brainpower from a wide range of disciplines.

All of the elements of traffic need to be scrutinized: The roadway, the vehicle and the driver. We need to examine the approach to the accident problem by all agencies involved, too—the police, courts, li-

censing authorities, engineers, safety education teachers—the whole system. We need to know the weaknesses in the whole complex so we can correct them.

The President has proposed a National Highway Safety Research and Test Center. This can be a focal point for the massive research effort that has been so greatly needed.

The research center should contract with qualified private institutions and organizations to do the actual research. Some could be done on a cooperative basis with private industry.

To enable the center to draw most effectively upon the resources of private business, a Research Advisory Committee should be established.

Now as the result of action under the first four points of the plan, greater traffic accident prevention may be expected through better information and techniques, sounder policies, better trained personnel.

This brings us to public education, a public understanding of what needs to be done to make streets and highways safer.

## **Cure won't be cheap**

People will have to understand that better performance in accident prevention is going to cost a lot more money. They must be prepared to pay the bill. They'll have to understand that they must sacrifice a little freedom—freedom, for example, to get away with cheating on the law when an officer isn't looking, or to get and keep a license without deserving it.

All Americans need to realize that they, personally, are in jeopardy because of what is happening in traffic; that they, personally, have responsibilities as drivers and pedestrians.

We need to mobilize the best thinking of the communications professions to make these facts of traffic life understood.

We need a public information



program that will carry its message as closely to the individual as possible, and do so continuously. We need to give people the opportunity to identify with the unending effort to make our roads and streets safe.

This is an area where private business needs to exert both its skills in communication and its imagination. An excellent example of what this combination can come up with: The National Drivers' Test, conceived and produced by CBS television. Millions of people in homes took part in this test during two showings last year, millions of others in a new test in May.

But one-shot efforts don't cure traffic accidents. Only day-after-day plugging at proved safety measures can do this.

There are the five points of a plan for teaming up government and private business to control traffic accidents.

The need is for all segments of our economy to combine their knowledge, their ideas and their imagination in a joint effort—and, at the same time, give each segment visibility for its own actions.

It has been alleged recently that there is something sinister designated as the traffic safety establishment. Actually, a basic problem has been the nonexistence of an establishment. We need one urgently. We need one that is made up of top people who have authority to speak and to make commitments for their organizations.

The President has acted to bring about the long overdue coordination of federal traffic safety activities. It's time that business coordinated its efforts in this field, too. And it's time for clear communication between the two.

**END**

**REPRINTS** of "How to Stop Highway Slaughter" may be obtained for 25 cents a copy, \$12 per 100 or \$90 per 1,000 postpaid from *Nation's Business*, 1615 H St. N.W., Washington, D.C. 20006. Please enclose remittance with order.



RUSSELL I. BROWN, author of this article, is president of the Insurance Institute for Highway Safety. The Institute was set up in 1959 to coordinate highway safety activities of insurance trade associations representing more than 500 companies which write most of the nation's auto insurance. Mr. Brown has had a career in safety work. He was commissioner of public safety in Iowa, where he introduced a program that drastically reduced traffic deaths. He is vice chairman of the Advisory Council of the President's Committee for Traffic Safety.



# HE WILL DECIDE WHEN AUTOS ARE SAFE

An interview with the head of  
the federal bureau that will set  
standards for cars and packages

What is a really safe auto-braking system?

What kind of windshield should new cars have?

How about the transmission selector level? Should it be redesigned as a dial or a series of buttons? What would constitute minimum tire safety characteristics?

Should those packages of breakfast cereal all be the same size?

Are fancy cosmetic jars out forever?

The National Bureau of Standards, the government's laboratory for physical science and engineering, will have to answer these and hundreds of similar questions under laws now going through Congress. They deal with auto safety and packaging and labeling of all sorts of products.

The Bureau of Standards, an arm of the Commerce Department, is headed by Dr. Allen V. Astin. Dr. Astin pondered some of the problems he faces in an interview with NATION'S BUSINESS. His answers are predicated on enactment of the new laws which are aimed at making driving safer and shopping simple.

Dr. Astin is a tall, spare man, whose life has been dedicated to science. He directs the affairs of his agency from his office atop an 11-story building in the Bureau's new \$117 million campus complex cov-

ering almost 600 acres in the rolling Maryland hill country some 20 miles northwest of Washington.

Dr. Astin estimates the Bureau soon will be spending \$20 million a year on the auto safety program alone. Its entire annual appropriation today is in the neighborhood of \$30 million. Several hundred additional scientists and other top-level technologists probably will be hired to carry out this work.

Dr. Astin is aware that auto manufacturers and packagers of all types could be forced to spend millions to comply with the new standards if the Bureau acts arbitrarily or ignores the economic implications of what lies ahead. As much as possible, he indicated, the Bureau will work with industry to avoid straining manufacturers' financial resources.

Dr. Astin does indicate that the rush implied in the auto safety legislation may call for some emergency steps in the beginning—may even impose design as well as performance requirements, which later would be lifted.

General Services Administration, which buys cars for the federal government, will require 26 specific safety items on autos it buys beginning with the 1968 models. Some of these are repeats of requirements it set for 1967 models

months back, and more than half, including such things as padded instrument panels, safety door latches and backup lights, are already standard equipment on all 1966 models.

Among the newly required items not standard equipment on current-model cars are rear-window defoggers, head rests for the driver and front-seat passenger and a rear-view mirror that will break away if struck.

In the following interview Dr. Astin tells how he believes standards developed will aid—not restrict—competition.

**Would you spell out the Bureau of Standards' role in setting standards under new legislation in the fields of auto safety, and packaging and labeling of consumer goods?**

Our role most likely will be one of providing an adequate technical base for the standards, performing research, conducting technical investigations and developing information which would help set meaningful standards.

It is our philosophy that, as far as possible, all standards be based on performance requirements and not be arbitrary. By that I mean if we are to have a braking system that is truly safe, we shouldn't get into saying the brake pedal



*Dr. Allen V. Astin has been head of the National Bureau of Standards since 1952. It'll be his job to spell out the details of any new regulations Congress may decide to lay down for the packaging industry and for auto safety.*

should be such and such a size, or the brake fluid should be made of such and such materials. Rather our focus is aimed at setting up true performance characteristics which have real meaning in terms of how the system is supposed to be used.

This, of course, can't be done without an extensive research program, and the time schedule that the Congress set means that many of the initial standards will be far from optimum. That is, there will have to be some arbitrary characteristics in some of the standards, if the schedule is to be met. But it is my hope that this will bring about a research program that can be backed up by adequate standards as this work goes along.

Now, this work will not only require technical evaluation, but economic evaluation. Obviously, a technical performance standard would make no sense if compliance with it could only be done at the cost of a vehicle which would make it impossible for most people to buy automobiles. So there has to be compromise here.

**Would there also be some consideration of psychological problems, since people's reactions are involved?**

Yes, when I talk about performance characteristics, these must  
*(continued on page 60)*



PHOTO: PHIL WARD - ELKS UTB



JUST AHEAD:  
17 MONTHS OF

STRIKE

THE GREAT



## Union unrest and widespread, angry demands grow as a host of labor contracts run out

New union demands are building up as a whole flock of labor contracts run out, not only this fall but for a turbulent 17 months to come.

Major negotiations for contracts ending in 1967 will cover more than twice the number of employees involved in this year's negotiations.

Labor union leaders everywhere are demanding what can best be described by the timeworn phrase of labor pioneer Samuel Gompers: "More—now."

Negotiations between the United Auto Workers and the Big Three auto firms will set the pattern for demands.

The Auto Workers will try to spearhead a shift away from pay by the hour or by the amount of work done to fixed salaries and full fringe benefits for the entire year. This tactic is designed mainly to dignify the union in the eyes of still unorganized white-collar workers.

Wages generally will be getting more attention than fringe benefits as unions try to stay way ahead of the rising cost of living and to recoup deductions for increased social security taxes which they lobbied so hard for. A worker earning \$6,600 a year will pay an additional \$103 this year in social security taxes. That's about five cents an hour more.

The inflationary economy has suddenly given a fresh glow to "cost of living" clauses in labor contracts. These agreements automatically boost wages when the government's Consumer Price Index rises.

Straight wage increases this year are running higher than they have in six years, averaging about nine and a half cents an hour. But union demands for wage hikes have run as high as 25 per cent.

Fringe benefits will hardly be ignored, of course. If unions don't already have them, they will seek many of the following fringes:

- Compensation for the time employees spend on coffee breaks, washing up and traveling between their homes and their jobs.
- Increased paid vacations—as long as six weeks a year and 13 weeks every fifth year.
- Severance pay plans for blue-collar as well as white-collar employees.
- More paid holidays (some want nine of them a year) linked with double time for holiday work.
- A vacation bonus of 25 per cent of a week's wages.
- A full-pay, shorter workweek (four days, 32 hours).
- Six days a year of paid sick leave.
- Compulsory union shop in states without right-to-work laws.
- Earlier retirement (Some employees already retire as early as age 55 on company-paid pensions of up to \$400 a month).
- Retraining of employees for new skills.
- Assurance against job loss due to automation.
- Insurance for an employee's family in case of his death.
- Portable company pensions so an employee can shift jobs and take pension credits with him.

*(continued on page 66)*







*Government is red-faced over bumbling of federal agencies involved in problems of this Vermont town.*

# WASHINGTON SLIPPED HERE

A case history of today's federal aid SNAFU  
and how any town could become tangled in it

The question seemed simple enough and Vice President Hubert H. Humphrey seemed the right man to ask.

George Megrath, town manager of West Rutland, Vt. (pop. 2,302), had come "down country" to New Haven, Conn., with a problem.

The Vice President was there with Cabinet and sub-Cabinet officials to tell a New England conference of small-town public officials how Washington could help with their problems.

Mr. Megrath is a balding 46-year-old former owner of an auto repair business. As the town manager, he knew that West Rutland needed funds for sewer, water and flood-control projects.

He had tried for months to determine whether the federal government would help.

Mainly, his problem involved designing and scheduling of the flood-control project to avoid extra costs and complications of laying sewer lines in a cattail-covered marsh.





PHOTO: LEO SHUPIN-BLACK STAR

*Town Manager George Megrath became pen-pal of the Vice President in a paper war with officialdom.*

He figured it would save some \$40,000 if the marsh could be dried up first.

Could this be arranged? Mr. Megrath wanted to know.

Assistant Agriculture Secretary John A. Baker handled the question for Mr. Humphrey:

"It will be our effort to assist you, to be sure that your water system, your sewer system and your sewage treatment plant are all developed in accordance with a comprehensive plan, together with the watershed developments that are involved, including land treatment, the city water supply, future industrial water supply, as well as flood prevention."

The community would have to undertake some pretty extensive planning to qualify, he added, but Uncle Sam had another little program to help with that, too.

That's the kind of meeting it was—reassuring to local officials struggling to finance town improvements. It looked as if some of those federal

tax dollars were coming back home.

The ebullient Mr. Humphrey, in his role as President Johnson's man with the mayors, acted as master of ceremonies as the others from Washington catalogued the virtues of aid programs pouring out of a Great Society Congress.

Regional officials of various federal agencies were pointed out, town officials were urged to put the heat on them and anybody who still had problems was encouraged to write to the Vice President himself.

Mr. Humphrey, who has been holding a series of such meetings around the country, was warmly praised for getting the federal bureaucrats from Washington out to small-town America where the problems grow.

That was in October, 1965. A reassured Mr. Megrath went back home loaded with the names of contacts in regional federal offices only to get increasingly tangled in bureaucratic confusion. The prob-

lems of Mr. Megrath and his town of West Rutland, in fact, point up a significant trend boiling up in government affairs today: The clumsy and often bumbling procedures for implementing the flood of new laws from the nation's capital.

#### **Red faces in Washington**

It soon became clear to Mr. Megrath that the federal agencies responsible were not on top of their own programs and weren't aware of what other agencies were up to. Now, many months later, it's still unclear whether West Rutland will ever get all the federal aid it sought, much less get the projects coordinated. But there's some speculation in Vermont that it will, if only because Washington is thoroughly embarrassed.

Says a spokesman for Mr. Humphrey: "Our concern has been attracted to this [as correspondence with Mr. Megrath has proliferated]."  
(continued on page 52)



## CHANGING CHAMBERS:

# REVOLUTION ON

Despite his nickname, "Red" Heldridge doesn't look like a revolutionary, sitting there before the spotlessly white linen of the turn-of-the-century Minnesota Club and pouring syrup on his light, thin wild rice pancakes.

His red hair is fading, his easy smile is sincere and he speaks in the calm, sensible manner befitting the northern division manager of Northwestern Bell Telephone Co. M. J. Heldridge is president of the Saint Paul Area Chamber of Commerce. (Local citizens prefer not to abbreviate the "Saint" in their city's name.)

Yet Mr. Heldridge and his fellow businessmen leaders of the Chamber are shaking, remaking and revolutionizing old-maidish Saint Paul into a kick-up-her-heels, show-her-knees gal.

In the process they have remade the Saint Paul Chamber itself. They've changed it from an organization with the stereotyped "everything-is-rosy" boosterism overtones that have been attached to the term "chamber of commerce" by critics. It is now what new labor-backed Mayor Thomas R. Byrne recognizes as an action group, tussling with the area's major problems from the point of view of enlightened, energetic businessmen.

These, then, are the true revolutionaries—men who are bringing

about needed change without coercion or controls from outside but widening prosperity and freedom.

Similar doings are going on all around the country:

Sit in with ex-professional hockey player Thomas H. Coulter, chief executive officer of the Chicago Association of Commerce and Industry, as he hosts a discussion led by a University of Chicago sociologist. They're talking about new ideas for stimulating neighborhood improvement within the city, hopefully easing racial and poverty problems in the process. Participants in the meeting—one of a series—include high-ranking officials of the police department, transit agency, planning agency, hospital planners and federal bureaus located in Chicago.

In Grand Island, Nebr., committees appointed by Mayor Howard Peterson are right now sifting the hundreds of recommendations for city improvements generated at a community meeting sponsored by the local Chamber of Commerce this spring. The committees, broadly representative of the community, will report back to another meeting in September.

In Florida, the Miami-Dade County Chamber has set up a "language bank" of 60 volunteers ready to translate in 25 languages for foreign businessmen.



# MAIN STREET

In Toledo, the local Chamber's "Operation Native Son" offers career counseling to college students home for vacations. The aim: Encourage the students to snap up job opportunities in the Toledo area when they graduate.

In Philadelphia, Chicago, San Francisco, Seattle, Buffalo, Indianapolis, Charlotte, N.C., and many another city, the local chamber is deeply involved in easing racial tensions by bringing together jobless Negroes and job openings.

Greater Detroit's Board of Commerce offers a free advisory service to small businesses. Topics: Finance, marketing, engineering and other management problems. Honolulu has held breakfast meetings on management problems for small businessmen. Washington, D. C.'s Board of Trade has begun compiling extensive retail store statistics for use of local firms, filling an information gap.

And in Ely, Nev., the trading center for a far-flung ranching and mining territory along the Utah border, the White Pines Chamber of Commerce & Mines draws about 200 businessmen for a shoplifting and bad check clinic conducted by law enforcement agencies, banks and Utah State University specialists.

In engineering-oriented Schenectady, where the "brains business" is

important, its Chamber and other nonprofit cultural organizations participate in an Arts Council which sponsors a "Lively Arts" radio program. In Rochester, N.Y., and Meridian, Miss., other chambers are active in the city's cultural doings.

Atlanta's Chamber, a vigorous force in wooing major league baseball and football to the city, has been possibly even more instrumental in helping maintain political stability and economic growth in its region during the past decade of civil rights transition.

Michigan City, Ind.'s Chamber workshop on the city's budget and program comes up with reports used by the city council as operating guides. The Buffalo Area Chamber drew up a platform for mayoralty candidates at the city's latest election.

Baltimore's Chamber, as have many others, led a recent drive to get businessmen to let their Senators and Congressmen know business' feelings on such key issues as the attempt to ban right-to-work laws and set up federal rules for state-federal unemployment compensation system.

## **Here's what's happening**

Note the pattern: From sociologists to shoplifting, from private employment to public issues, the

changing chambers are offering more and more services not only to their members—but to their total community.

They are coping with the fundamental local problems which bother businessmen and acting as goads on communities which are often too prone to sit back and let somebody else — often Washington — decide what's good for them.

The growing trend among local chamber membership chairmen, in fact, is to describe membership dues as the purchase of a service by business and professional men. Others describe dues as "an investment." But, in hearty agreement with the Internal Revenue Service, it's never called a charitable contribution, which implies that someone besides the person who writes the check is going to do the work and get the benefits.

Many a leader of what is called "the chamber movement" will argue with good cause that the function of local chambers has always been service to businessmen and the community. They assert that good chambers now solidly entrenched as centers of influence in their cities could reach that eminence only by providing needed services over the years. Houston and Dallas chambers, for example, have a long history of service and influence.

*(continued on page 44)*



# BUSINESS: A LOOK AHEAD

## New waves for grain

(Agriculture)

## Architects enlist psychologists

(Construction)

## Putting leisure time to work

(Marketing)

### **AGRICULTURE**

Use of radiation to kill insects infesting grain stored or in transit gets under way in coming months.

World's first pilot-scale irradiating plant was just completed at Savannah, Ga., as joint effort of Atomic Energy Commission and Agriculture Department.

Idea is to move bulk or package grain past rods of cobalt 60, exposing it to gamma radiation which kills insects without harming grain.

"The idea looks really promising—on paper," says Dean F. Davis, assistant chief of the Agricultural Research Service's stored products insect research branch.

Main questions are costs and radiation effects.

Researchers must calculate minimum dose required to kill insects, make sure there's no change in milling and baking qualities of grain destined for human consumption.

If successful, giant irradiation plant at, for example, Indian port could insure infestation-free period for U. S. grain shipments during distribution.

### **CONSTRUCTION**

Brain-pickers will have more influ-

ence on building design. Most technical problems of architecture seem solved, says Ben Evans, research programs director for American Institute of Architects.

"This leaves us only one area to pursue: What are we designing buildings for in the first place? We don't know how people react."

Hence growing involvement of behavioral scientists, highlighted by joint educational program for architects and psychologists at University of Utah.

Some nontechnical areas architects have been probing:

What's best classroom design for art students? Robert Adams of school of architecture at University of Illinois took room with movable walls, gradually reduced size. Finally co-ed class got jammed up so close to nude models that red-faced male students stayed away.

Researcher on California campus found most students study propped up on beds in dormitories, snooze in student union study area.

At University of Washington, design features are simulated by giant photos and sketches to gauge human reaction. Elsewhere tracking devices in floors trace traffic through buildings.

Cornell study analyzed "status

or prestige, esthetics, leisure, family centrism" among factors in housing design.

National Institute of Mental Health sponsored study of architectural psychology at the University of Utah.

Bertram Berenson, director of architecture division at Hampton Institute and head of team studying environmental influences on learning process, has "movable environmental laboratory" under construction.

Says Mr. Berenson: "There is a tangible relationship between human behavior and physical environment, but . . . (the) biggest problem seems to be determining ways of measuring these effects."

AIA's third annual research conference in St. Louis this fall will give more emphasis to behavioral science than in the past.

However, trend won't shape much brick and mortar any time soon, says AIA's Ben Evans. "This is not the sort of thing that 30,000 architects are going to be running around doing next year."

### **CREDIT & FINANCE**

Pinch on savings and loans could last for years.

Washington housing economist Robinson Newcomb says economy's need for capital over next decade will maintain competition for funds, keep interest rates up and channel available dollars into higher-yield investments.

As part of picture, even average family investor becomes more sophisticated, puts higher proportion of investments into corporate stocks. Meanwhile, S & L's are boxed in by volume of comparatively low-interest loans outstanding.

Result is more pressure for them to diversify into household financing field.

### **FOREIGN TRADE**

Coming: New source of funds for export financing.

Export-Import Bank has long held that commercial banks have sufficient





*This "movable environmental laboratory," a flexible building, permits observation of human behavior by simulating a broad range of possible surroundings. (See Construction)*

funds for this purpose. But balance-of-payments problems and tight money market have changed picture.

So Eximbank, working with Federal Reserve and other U. S. agencies, has developed plan for rediscount service whereby banks can sell their export paper, releasing additional funds for export financing.

Move follows a number of steps by Eximbank, including guaranteeing longer-term credits made by commercial banks directly to foreign borrowers.

## **MANUFACTURING**

Swift expansion of American corporations into new product lines is expected to grow with continuation of merger movement.

So say Federal Trade Commission economists studying 811 acquisitions of mining and manufacturing companies with \$10 million or more in assets—total purchase price \$27 billion—from 1948 to 1965.

Most striking statistics reflect growth of so-called conglomerate mergers, mainly representing diversifications into new product lines. These have risen from 34 in 1948-53 to 312 in 1960-65.

At same time, acquisitions of potential competitors in similar product

lines have gone from 18 in 1948-53 to 57 in 1960-65. Many corporations continue to diversify internally, of course, but evidence suggests most is by merger. Special study of 25 major food companies shows vast expansion of product lines, mainly through merger.

Developments so far this year, plus comparative lack of regulatory attacks on diversification mergers, suggest no future decline in trend.

## **MARKETING**

Booming leisure time and travel offer growing opportunities for promoting consumer products through fairs, exhibits, parks, other tourist attractions.

One element is personalizing buyer-seller relationship by giving consumer sense of participation in activities sponsored by soft-selling manufacturer.

Elliot L. Lewis, Washington vice president of Los Angeles-based Economics Research Associates, points to approach of one client, Anheuser-Busch, with company-owned parks adjacent to breweries at Tampa, Fla., and Van Nuys, Calif., and two more planned for Columbus, Ohio, and Houston, Tex.

Brewery tours emphasize simple

message—identification of Budweiser, Michelob and Busch Bavarian as Anheuser-Busch products, plus cleanliness. Then tourists are turned loose in elaborate parks, where message of public service is combined with impression that this outfit really does things up right.

"We're really going backwards in our merchandising techniques," says Mr. Lewis, who sees a parallel in political candidates' handshaking and movie-house managers who restore business by standing around to ask patrons how they liked the show.

"I think it's a definite trend in consumer merchandising," he says, noting success of business promotion at Disneyland and such innovations as a Japanese pearl-diving exhibit at Sea World in San Diego.

## **NATURAL RESOURCES**

Copper prices may be going up.

Speculation in Washington is that Administration will abandon jawbone tactics that forced domestic price back to 36 cents a pound despite world price of 42.

Here's why. Administration is pushing copper expansion program, urging producers to expand production to meet shortage by working idle deposits. Guaranteed price required to make expansion economical may serve to pry off lid.

## **TRANSPORTATION**

There's no letup in sight for expansion of U. S. barge capacity.

"We're in the biggest building boom in the industry's history," observes American Waterways Operators, Inc.

Last year alone saw construction of 64 towboats of 100 gross tons or over, a 100 per cent increase over the previous year, 44 tugs for inland waterway use and 1,007 barges and scows.

"We're sure this year will go way over '65," declares a spokesman, noting that the shipyards are operating at top capacity and have an order backlog of about 12 months.



## REVOLUTION ON MAIN STREET

continued from page 41

State chambers of commerce, too, are more and more engaged in timely and constructive community activities in which business leaders devote their energies and talents. College-business symposiums, for example, are now being set up in several states by state chambers under the sponsorship of the National Chamber. These symposiums, started in 1962, bring together college students, faculty and business leaders to discuss pressing current economic and social questions selected by the students themselves.

Other thoughtful men active in local chamber affairs worry, however, about chambers losing their impact as the spokesmen for businessmen. They note that over the years the mention of chambers of commerce has meant to some people merchant self-interest and complacent boosterism of the rather shallow type associated with the Midwestern small towns worked over by Sinclair Lewis' "Main Street" of the 1920's. This image has hung on, these men fear, because many local chambers over the years did, indeed, fail to take on the real needs and problems of the city and the business community.

"The old Chamber here never favored anything. It always said, 'No,'" recently declared outspoken Henri Foussard, president of Saint Paul's Model Laundry & Cleaners, who was one of the group of leading businessmen who reorganized Saint Paul's Chamber in 1959. He has since served a term as president. Mr. Foussard's comment at a small private luncheon atop the Saint Paul Athletic Club won vigorous nods of approval from the other businessmen present.

One of the country's best-informed men on local chamber activities says privately he is concerned that "local chambers have about 10 years to prove themselves of value to the community." Failing that, governmental organizations are going to completely usurp the field of influencing community growth, he fears. A major threat in that direction is the Johnson Administration's proposal now before Congress for creation of federally dominated community development districts for planning city, town and county growth. [See "How Washington Would Remake the Map of the U. S.," NATION'S BUSINESS, July.]

Thus, the changing chambers trend now under way is one of con-

siderable significance to businessmen, politicians and all other citizens.

### Shaping a new government

Nashville's Chamber shows one role business organizations can play in leading the community toward solution of today's problems. When businessmen, officials and other citizens of Nashville and surrounding Davidson County became acutely aware of the pulling, hauling and competition for tax dollars between the two jurisdictions in the 1950's, the Chamber jumped into discussions of what to do about it.

"We were probably the first organization in the area actively to work for the metropolitan form of government," says Edward J. Shea, executive vice president of the Nashville Area Chamber of Commerce. Symbolizing this leadership, the basic report on a plan for metropolitan government for the area by the planning commissions of Nashville and Davidson County was presented first to the chairman and secretary of the Chamber's Greater Nashville Committee. The Chamber then published the plan in a newspaper advertisement.

Strong Chamber support helped pass necessary legislation and won creation of a single government for Nashville and Davidson County by vote of the people in 1962. The new government became effective April 1, 1963. Each April, the mayor gives an accounting of his stewardship at a mammoth breakfast sponsored by the Chamber. Some 900 attended this year.

Major help for businessmen and chambers attempting to become even more effective than in the past in meeting business and community needs is coming from the Chamber of Commerce of the United States, headquartered in Washington. The National Chamber is a federation of local and state chambers, trade associations, individual business firms and businessmen. Local chambers don't have to join the National Chamber if they don't want to. But most do. Of the estimated 5,000 local chambers in the country, some 3,000 belong to the National Chamber. The bulk of those that don't are chambers, commercial clubs or what have you in little towns.

National Chamber experts counsel local chambers on management, program, financial and other problems. A steady flow of newsletters and other communications pass along how-to-do-it ideas. An accrediting program that takes into account everything from the effec-

tiveness of a chamber's activities to the attractiveness of its offices is considered a major incentive for chambers to get moving and keep moving. The National Chamber has accredited over 100 so far in the two and a half years of the program. A curriculum of Institutes at universities across the country for professional chamber executives helps upgrade the management skills of staff men.

Indeed, most local chamber leaders insist that a talented, indefatigable man at the top of the chamber staff is a prerequisite for advancement. Approximately two thirds of the local chambers that belong to the National Chamber have a full-time paid staff. Salaries run into the \$50,000-a-year level for top executives of some big city chambers.

### The indispensable men

Staff men, however, are hired to carry out policies made by the members. So, the specialists point out, the really prime essentials for an active chamber are alert, energetic businessmen.

Talk with Bert S. Cross, president of Minnesota Mining & Manufacturing Co. for a look at what business is demanding of local chambers these days. Mr. Cross is qualified to discuss the matter as the head of a company with plants in many cities across the country and as one of the leaders of the remaking of the Saint Paul Area Chamber of Commerce and Saint Paul itself. He's a Chamber director.

"The 3M Company very definitely believes a solid chamber of commerce is a good place for business to rally," Mr. Cross told NATION'S BUSINESS. "When you don't have a place for business to rally, business has a problem. When we set up plants, we think of what sort of community we'll be sending people to. And we look at the chamber. It can provide the focal point for taxation, legislation, transportation, community service, education, the quality and quantity of labor.

"Without business support, the average effort to improve the community is hopeless. With business support, the effort can succeed." The local chamber, he explains, focuses this business support. To have a successful chamber, "you have to have a group of good, progressive-minded businessmen," Mr. Cross asserts.

For an example of how a changing chamber can focus community and business efforts, take a look at the wide range of activities of the Saint Paul Area Chamber. It's sym-



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## REVOLUTION ON MAIN STREET *continued*

bolic of chambers in many another city.

"We don't want anybody to join the Chamber just to be contributing to something," John Hay, the executive vice president of the Chamber, said in his low-keyed voice. "It's up to the Chamber leadership to make sure there is value received. We have over 1,000 on committees. You seldom ever get a turndown if you have a special committee or job to do."

The Chamber has pulled together a number of business groups which previously operated at cross-purposes with each other, competing for funds from the same businessmen but achieving little impact. The Better Business Bureau is now part of the Chamber, as is the city's Convention and Tourist Bureau and Downtown Saint Paul organization—activities sometimes found outside local chambers. As with many another chamber, there's vigorous promotion of Saint Paul as a home for new industry, a Spic 'N Span committee for community neatness and a Christmas street decorations group.

### **Catalyst for rebuilding**

Unlike other cities, however, the Saint Paul Chamber is the major catalyst in rebuilding the center of the city. The Chamber, local banks and businesses actively headed a campaign which built a new hotel (it will open under Hilton Hotels Corp. management later this month with a Chamber dinner as the first major event), and came up with plans for rebuilding whole blocks of the downtown business district. A modern twist: Many of the buildings will be connected by enclosed, climate-controlled walkways permitting coatless Christmas shopping in the frigid northland.

In another attempt to get ahead of coming problems, a Chamber subcommittee recently came up with a rapid transit concept which would link Saint Paul, neighboring Minneapolis and expanding suburban areas via a system running part of the way on piers mounted in the Mississippi River, where right-of-way costs would be minimal.

A major result of this Chamber shake-up of the community has been to pull out of hiding investment money long held by wealthy Saint Paul interests. More of this money is now being invested in Saint Paul buildings and enterpris-

es, thus giving the rebuilding a momentum of its own.

Although the Chamber's main purpose is to speak for business leadership, much of its success comes from its reaching out for cooperation and suggestions from other segments of the community as well, Chamber President Heldridge believes.

"Social, religious, political, business influences—I call them the Big Four," Mr. Heldridge told NATION'S BUSINESS in realistic terms. "You better know what's going on in all these groups, if you expect to have any success in leading the community."

### **Top men in top spots**

Much the same philosophy seems to apply in the Chicago Association of Commerce and Industry, one of the biggest of all chambers.

As in Saint Paul, the CACI succeeds in getting top men from giant corporations as well as representatives of smaller firms into its leadership. ("It's essential to have a broad representation," says Mr. Cross of 3M, "big industrial leaders, doctors, lawyers, other professional men as well as small business people.") In Chicago, officers include Thomas G. Ayers, president of Commonwealth Edison Co., as association president. The 14 other elected officers include the president of one of the largest banks, vice presidents of three others, presidents or chairmen of seven companies, the senior vice president of another and partners in two other firms.

Clearly the city's business leadership uses the association as a key unit for getting things done. Mr. Coulter, the chief executive officer, proudly recounts how the CACI organized the Hospital Planning Council of Chicago, the Community Fund of Chicago, Inc., and other private, nonprofit groups which make for a better city. Once organized, the units were put on their own. Mr. Coulter calls the chamber, "not only a business organization, but a social research organization."

A current leadership project under the CACI's wing is the Chicago MERIT Employment Committee. Headed by John D. Gray, president of Hart Schaffner & Marx, the clothing makers, the MERIT Employment Committee works a two-way street. It tries to open up more jobs for Negroes by getting employers to pledge they will hire and promote employees on the basis of ability alone. And it then tells this story to Negroes—youths, espe-

cially—in an attempt to convince them to apply themselves in schools and vocational training. Obviously the committee expects its operations will take the desire to riot out of the minds of Negroes otherwise unaware that job opportunities exist.

For its work, the CACI has an annual budget of about \$1.5 million and employs 100 persons.

### **How to jog a city**

Despite these resources, isn't it difficult to make an impact on a huge metropolis?

Baloney, says Mr. Coulter, in effect. He literally explodes to a questioner:

"It's easy to be a leader in a big city nowadays because there are so few people willing to work and to lead. The problem often is the professional manager in business. Too often he goes home at night and worries about keeping his job instead of about the problems of the community."

Overcoming apathy rates as a top problem in smaller as well as big communities. But it's a mark of the changing chambers that more are learning how to yank the local citizenry out of their chairs.

One such smaller city where the chamber is doing the yanking is Grand Island, Nebr., a city of about 30,000 population alongside the Platte River. The city is gradually widening its economic base from agriculture into industry. It has had a traditionally active Chamber, say local folks.

About five years ago, the Chamber contacted the broad range of organizations in the community—labor unions, parent-teacher associations, women's clubs among others, reports Richard Good, manager of the Chamber. It asked them what Grand Island needed to make itself a better community and what the Chamber could do.

All sorts of suggestions came in and the Chamber went to work with local authorities in getting action. One major aim, improvement of the central business district, brought a drive for more off-street parking that has added over 350 parking stalls, all through free enterprise. The Grand Island Parking Corp., organized with Chamber leadership to expand parking, now owns about \$300,000 worth of downtown property, the largest landowner in the city.

Another suggestion at that time called for new vocational training facilities in the area. Young people leaving the farms for economic or other reasons had to go to larger



metropolitan centers for training and jobs. So people wanted to train these men and women at home and perhaps attract new payrolls as a result of the expanded labor market.

This suggestion has now resulted in the organization of a new Area Vocational School in an abandoned Navy ammunition depot at nearby Hastings. It will open this September. Chambers of commerce of Grand Island, Hastings, Kearney, Holdrege, Columbus and Lexington, Nebr., coordinated a drive for state enabling legislation and then public approval of the plan in 17 counties at voting this spring.

So successful was the earlier search for community ideas and projects that the Chamber is sponsoring another series of "town hall" meetings this year, as are a number of other chambers around the country. This spring's opening meeting of 300 persons in the high school auditorium heard an assumptions committee report on the community's needs in 1980 in terms of houses, schools, utilities and the like. Now committees are at work sifting the ideas that resulted. The Chamber is leading the staff work in close cooperation with the city administration.

#### Boost for political action

All of which points up an aspect of growing importance to chambers and their businessmen members around the country. The changing chambers are paying closer and closer attention to politics, public issues and governmental doings at all levels between precinct and White House. Chambers not only keep members up to date on what officialdom is up to but, as well, let officialdom know what business thinks.

A favorite method is through Congressional action committees which keep closely posted on what's going on in Washington, with help from the National Chamber and other sources. They can mobilize businessmen at crucial legislative times to let their Congressmen know of their support for or opposition to certain bills. Such activities often prevent anti-business forces from slipping through schemes not in the best interest of the economy in the nation or in a region and not in the best interest of the people of the area.

Aren't businessmen just fooling themselves when they talk of the value of such chamber work, skeptics ask. Wouldn't it get done anyway?

For an answer, listen to a man who has seen the evidence from both sides—Rep. Thomas M. Pelly, seven-term Republican Congressman from Seattle and former president of the Seattle Chamber:

"I use the Seattle Chamber a great deal," he told NATION'S BUSINESS during a visit to his home district this spring. "I'm under great pressure all the time, as is any legislator, to support local projects in Congress. I always reply that I am asking the Chamber to study it. I ask the Chamber for a statement through its office in Washington, D. C. Either the statement supports my judgment or causes me to make further study. The Chamber of Commerce reports seldom have political sex appeal, but they get the facts."

Does it work the other way, too? Do chambers really help pull more businessmen into active politics on behalf of their beliefs?

"The local, state and especially National Chamber activities for getting businessmen involved in politics are outstanding," enthuses Mr. Pelly. "Whenever we are back here at home, our senior Senator (Democrat Warren G. Magnuson, chairman of the Senate Commerce Committee) and I are invited by the Chamber to meet at breakfast with younger members and tell them what's going on in government."

"My two terms as president of the Seattle Chamber (1949-50) probably went a long way toward launching me into politics," continues Mr. Pelly. The Chamber under Mr. Pelly's leadership strongly backed the governor at that time in favor of a moderate budget. "This got my picture on every front page in the state and was instrumental in the Republicans contacting me to run for Congress in 1952."

So, is there a role for local chambers of commerce in this booming final third of the Twentieth Century?

If the chamber is an all-is-well, let's-quit-worrying chamber, the answer seems to be, "No."

But if it's a forward-looking, changing chamber made up of revolutionaries of the stripe of Saint Paul's "Red" Heldridge, the answer is almost certainly, "Yes."

The watchword of the times may well lie in this comment by Grand Island's Mr. Good:

"We plain lay it on the line to our members—if we're not doing the job for you, we don't rate your support." **END**



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# Fringe benefits—now rising twice as fast as wages

Study shows latest breakdown of costly compensation extras

## WEEKLY FRINGE BENEFIT COSTS PER EMPLOYEE

	1955	1965	% Increase
Paid vacations	\$ 2.71	\$ 4.85	79
Pensions (nongovernment)	2.94	4.35	48
Insurance (life, sickness, accident, hospitalization, etc.)	1.54	3.54	130
Old Age, Survivors and Disability Insurance, taxes	1.40	3.13	124
Paid holidays	1.56	3.10	99
Paid rest periods, lunch periods, wash-up time, etc.	1.71	2.88	68
Unemployment compensation taxes	0.79	1.58	100
Profit-sharing payments	0.54	1.29	139
Workmen's compensation	0.56	0.87	55
Paid sick leave	0.46	0.83	80
Employee meals furnished free	N.A.*	0.33	N.A.*
Discounts on goods and services purchased from company by employees	0.15	0.25	67
Other fringe benefits	1.39	1.88	35
<b>Total fringe benefits</b>	<b>\$15.75</b>	<b>\$ 28.88</b>	<b>83</b>
<b>Average weekly earnings</b>	<b>\$77.57</b>	<b>\$116.94</b>	<b>51</b>
<b>Fringe benefits as per cent of employee earnings</b>	<b>20.3%</b>	<b>24.7%</b>	

\* Data not available

Fringe—an ornamental border, something marginal, additional or secondary?

Not in industry today.

Fringe benefits, once merely the icing on the cake, now cost American businessmen a staggering \$75 billion plus each year—nearly four times as much as the dividends paid stockholders.

What's more, fringe benefit costs are shooting up almost twice as fast as wage rates, according to a comprehensive industry survey just completed.

Since 1955, they've risen 83 per cent vs. 51 per cent for wages. They now come to a weekly average of \$28.88 per employee and amount to one fourth the average company's total payroll.

They will top \$50 per employee per week 10 years from now, if they continue to skyrocket the way they have since 1955.

For some firms—and some industries—fringe benefit costs far exceed today's average. They range as high as \$60 a week for some employees and average \$41.21 a week in the petroleum industry.

These figures come from a new survey taken by the Chamber of Commerce of the United States. It is based upon fringe benefit and payroll data received from 1,181 manufacturing and nonmanufacturing firms in all parts of the United States. It is the tenth in a series of such studies which trace the steady upward growth in benefit costs from an average \$8.15 per employee per week in 1947 to \$15.75 in 1955—a 93 per cent increase in eight years—to \$28.88 in 1965.

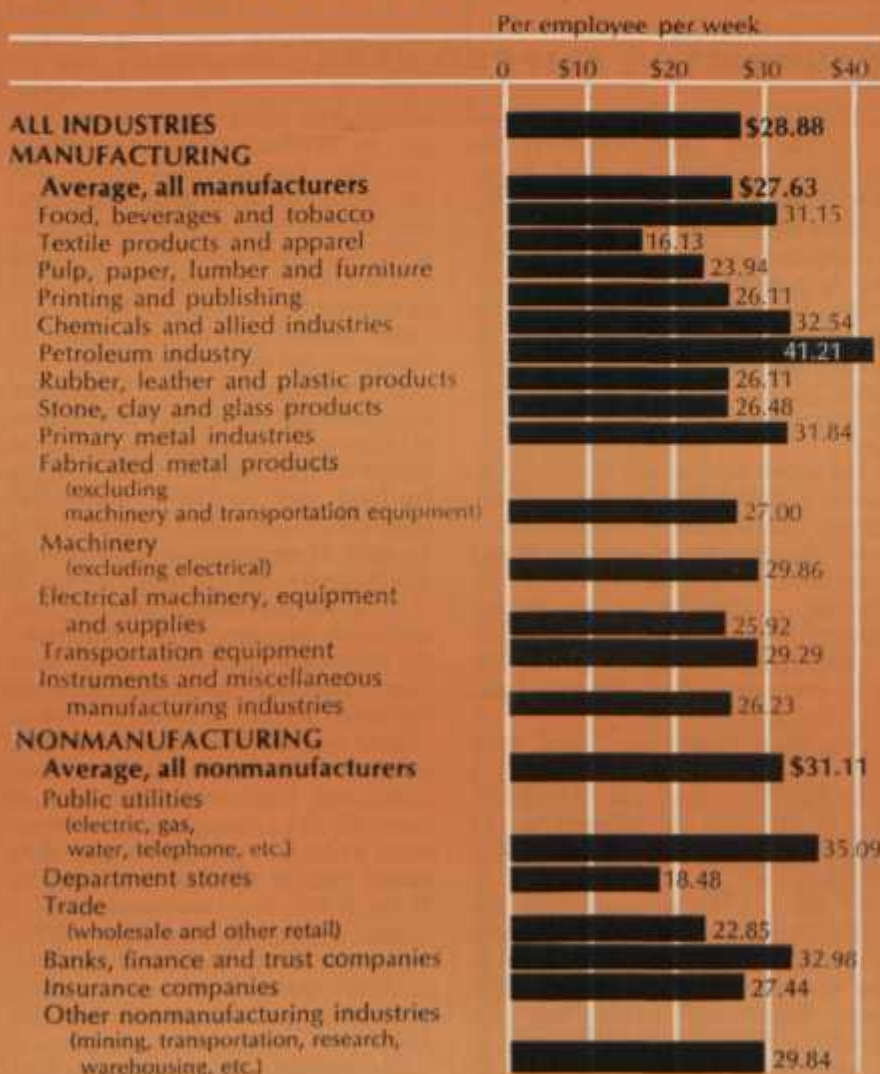
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## RISE IN WEEKLY FRINGE BENEFIT COSTS PER EMPLOYEE, 1947-1965



## WEEKLY FRINGE BENEFIT COSTS BY INDUSTRY—1965



sure to hold down prices and wages, some unions may push harder for bigger, plusher fringe benefits than for fatter paychecks.

Early this year, for example, a Pittsburgh firm was shut down when union workers walked out over pension plan demands.

### Long way from retirement watch

Cost data regarding 30 fringe benefits were collected in the Chamber survey. Inside the employees' pay checks were payments for vacations, holidays, sick leave, rest periods and other time paid for but not worked: Total—\$16.94 per employee per week.

The most expensive fringe benefit was paid vacations, averaging \$4.85 per employee per week. This was one sixth of total fringe benefit payments. For all industries, vacations averaged 10 days a year, but ranged from 16 days in the petroleum industry down to seven days for the textile products and apparel industry.

Next largest fringe benefit was nongovernment pensions, with employer payments into pension funds averaging \$4.35 per employee per week. Public utilities made the largest pension payments, averaging \$8.92 per employee per week, followed by banks and other financial institutions, paying \$7.

Pension payments were reported by 85 per cent of the companies, including 99 per cent of the public utilities and 95 per cent of the banks, finance and trust companies.

Employee life, accident, hospitalization and other nongovernment insurance programs paid by employers averaged \$3.54 weekly. These costs have jumped 130 per cent in 10 years. Employer payments for insurance were reported by 99 per cent of the companies, and averaged \$6.15 per employee per week in the primary metal industries, and \$4.67 in the nonelectrical machinery industries.

Old Age, Survivors and Disability Insurance taxes averaged \$3.13 per employee per week last year. This is based upon the 1965 tax rate with a maximum employer tax of \$174 per employee per year. Due in part to medicare, this tax rose sharply in 1966, with a maximum rate of \$277.20.

Additional increases are in store, with the maximum scheduled at \$290.40 next year, and rising to \$372.90 in 1987.

Paid holidays cost employers \$3.10 per employee per week. The insurance industry averaged eight paid holidays a year, while depart-



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## FRINGE BENEFITS

continued

ment stores and the textile and apparel industries averaged four.

Paid rest periods, lunch periods, wash-up time and similar on-the-job time paid for but not worked averaged \$2.88 per employee per week. This time off averaged 12 minutes a day.

Other fringe benefit costs per employee per week were:

- Unemployment compensation taxes, \$1.58.
- Profit-sharing payments, \$1.29.
- Workmen's compensation, 87 cents.
- Paid sick leave, 83 cents.
- Employee meals furnished free by employer, 33 cents.
- Discounts on goods and services purchased from company by employees, 25 cents.

Several of these benefits were reported by only a small proportion

of employers, so costs were substantially higher for the companies having such programs.

Fringe benefit costs varied widely among the firms. Five companies reported less than \$6 per employee per week, while six companies paid over \$60.

Highest fringe payments were in the petroleum industry, averaging \$41.21 per employee per week, followed by public utilities, \$35.09, and banks, finance and trust companies, \$32.98. Fringe benefit costs in the pulp, paper, lumber and furniture industries average \$23.94; wholesale and retail trade, \$22.85; department stores, 18.48; and textile products and apparel, \$16.13.

END

(You can get "Fringe Benefits 1965," a 32-page report, from the Chamber of Commerce of the United States, 1615 H Street N.W., Washington, D. C. 20006, for \$1 a copy.)

## WASHINGTON SLIPPED HERE continued from page 39

erated] and we can't turn it loose. . . . This guy [Mr. Megrath] has publicly involved the Vice President in his problems."

Here's what happened:

Late last October, after the meeting with federal officials, Mr. Megrath set about applying for his sewer project assistance under a newly enacted program administered by the Agriculture Department's Farmers Home Administration.

He asked the advice of Henry F. Lowe, a New England official of the agency, and James Wood, then a field representative of the Rural Community Development Service, another Agriculture Department agency set up to serve as broker between rural communities and federal agencies administering local aid programs.

Mr. Lowe promptly replied, with regrets, that "no material is yet available regarding the administration of the act," but advised him to contact the agency's office in nearby Rutland.

"I do not understand how the different agencies can sell their projects," Mr. Megrath later wrote the Vice President, "when the rules and eligibilities terms are not available yet."

Mr. Wood advised him to go ahead and file his application with Farmers Home Administration,

which Mr. Megrath did, including a preliminary plan describing the facilities. Though the law requires that such communities must abide by a regional plan, this requirement somehow got lost in the shuffle. The application was duly referred to Washington.

A couple of months later it bounced. No explanation.

It wasn't until early April that Mr. Megrath unearthed in the files of the agency's Rutland office a memorandum explaining that West Rutland was ineligible under the program. It couldn't qualify, not for lack of planning, but because it was judged to be too urban.

In a memorandum nobody had bothered to send Mr. Megrath, the Washington office ruled that West Rutland was too close to Rutland to be considered rural. "Since we are limited in our loan assistance to towns of less than 5,500 and Rutland's population is over 15,000, these nearby towns seem to form a populated area that would not be eligible for Farmers Home Administration assistance."

This prompted Mr. Megrath to note in a letter to Mr. Humphrey in April that "we are at the same place we were last October 27, 1965."

Meanwhile, Mr. Megrath had heard informally that in November, 1965, the Rutland area had



been designated a depressed area under the Economic Development Agency in the Commerce Department because of high unemployment in 1964.

#### P.S.—You're ineligible

Though he was also president of the Rutland County Development Association, he was not informed, he says, until early March, 1966, that the area therefore was eligible for federal public works grants. The official notice had gone instead to an assistant judge in the community.

A possible explanation: The official Vermont state manual carries assistant judges at the top of the list of officials for each town. They were the officials notified, although their responsibility for public facilities and economic development is not clear. (EDA is making up for it now, though. The agency is sending Mr. Megrath notices of eligibility conditions from Alaska to Jessamine County, Ky. "They tell you everything but your own business," he says.)

Along in March, a local committee began work on an over-all economic development plan for Rutland County, a requirement for eligibility for EDA funds.

A new problem arose: The Rutland area's eligibility for EDA aid appeared likely to be ended because of a drop in the unemployment rate. The U. S. Agriculture Department's Rural Community Development Service set up meetings of local officials with newly arrived EDA field men to crash through a batch of the required economic development plans and applications before the cutoff deadline.

Mr. Megrath and the town's consulting engineer, Robert Dufresne of Springfield, Vt., met with EDA men in Montpelier repeatedly to rehash their application. Each time they were given different instructions, according to the town manager.

"I think they were almost trying to scare you out," he told NATION'S BUSINESS. "What makes me suspicious is that they never showed up until May. Hell, we wouldn't have gotten anywhere if I hadn't stuck to it."

The application seemed in good shape after five or six drafts, says Mr. Megrath, but then he was told it might not be accepted for lack of economic justification.

EDA must be convinced that the facilities it finances enable a community to attract new business or

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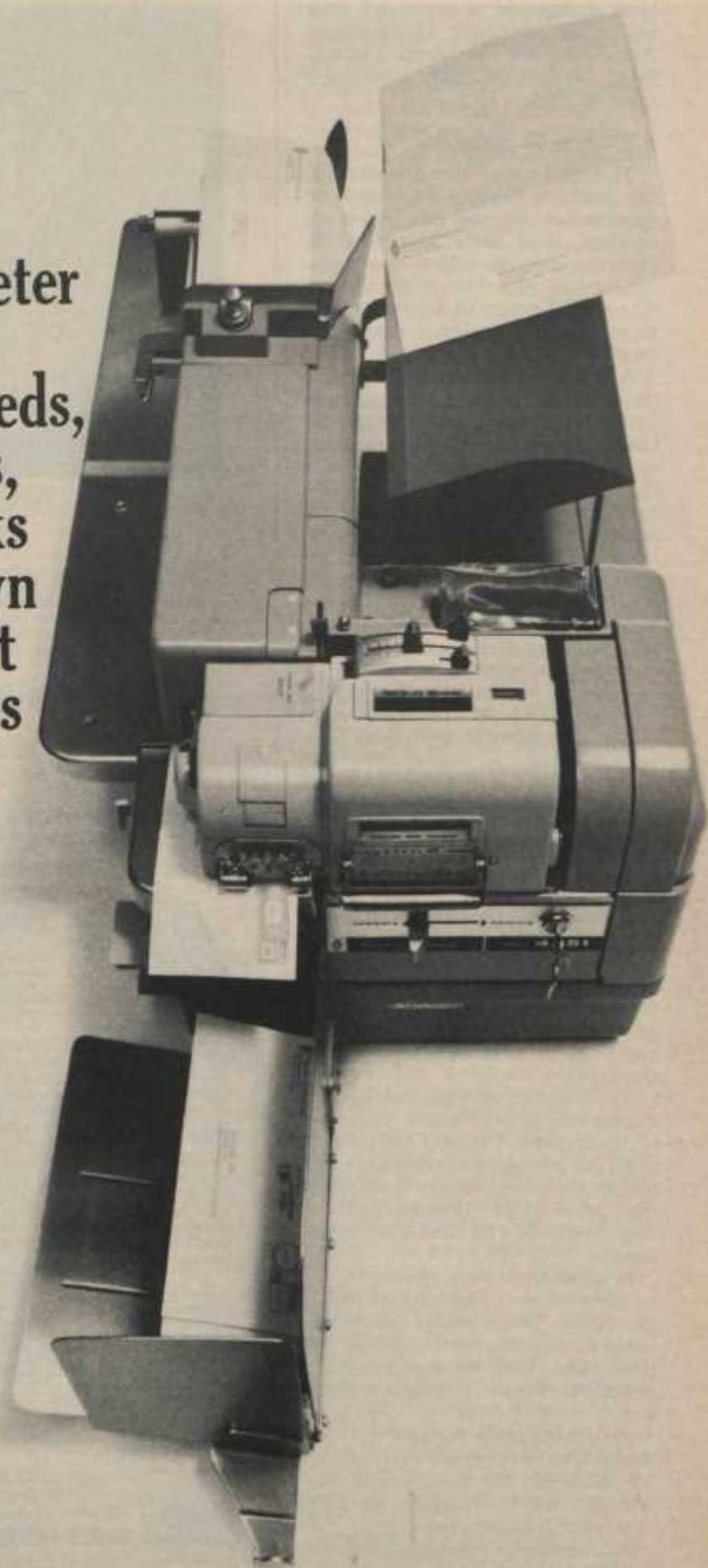
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*Encouraged to believe that help will come from Washington, this small New England community is beset by problems. Several structures have had to be abandoned because of raw sewage flooding basements. At the same time, federal agencies thought to have aid available have become swamped in their own red tape and confusion, thus delaying any relief.*

## WASHINGTON SLIPPED

*continued*

industry it otherwise would not get, or retain business or industry it might lose in the absence of a proposed project.

West Rutland had statements from Roland A. Loveless, Jr., director of the industrial development division of the Vermont State Development Department, that at least five industries had eliminated West Rutland from consideration for plant location because of its sewer and water problems.

These included a proposed plant to employ 55 men, with an annual payroll of \$235,000 and a total investment of \$775,000, which would yield some \$13,000 in local taxes annually.

The EDA men were insisting that West Rutland furnish the names of companies seeking plant sites—a virtual impossibility, since many businesses keep their location plans under wraps for a variety of reasons.

Personal intervention by Mr. Loveless finally straightened that out, according to Mr. Megrath, and along to Washington went the development plan and the town's application.

It seeks \$311,000 from EDA, to be supplemented by \$163,800 from the Federal Water Pollution Control Agency and some \$500,000 from the town.

EDA has a policy of considering applications from areas no longer eligible under its unemployment criteria provided the application's were submitted before the eligibility ended.

Once it was filed, Mr. Megrath

learned from Washington that his request may be too low. He says EDA field men told him to base estimates on current construction costs, which are rising steeply. But Washington said he should have included estimated increases in cost over the 20 months that would elapse before construction started.

### Coming full circle

Next, he was asked to file another application, for a flat 50 per cent of project cost. Then he got blank application forms to sign (EDA would fill them out and send them in).

Late last month, a confused but tenacious Mr. Megrath was to be in Washington to see what he'd signed and again listen to Mr. Humphrey and his team give their pitch to town officials at yet another Vice President's regional conference.

Through the months, confusion has been followed by befuddlement.

Last December, the Vice President's office was in touch with Mr. Megrath to check on progress. The following month, Mr. Megrath wrote to Mr. Humphrey detailing some of his problems and noting that RCDS had sent a man up from Washington "which did not help very much."

In late January, Neal Peterson, an assistant to the Vice President, wrote to David J. Humphrey, assistant administrator of Rural Community Development Service, asking him to coordinate the various programs available to West Rutland and to report back.

On April 5, the RCDS official wrote the Vice President's office, apologized for the delay in his reply, and reported that "some order has been restored to the confusion

which seemed to be prevalent in the administration of the water and sewer programs at the time of Mr. Megrath's writing."

On April 26, Mr. Humphrey of RCDS was asked for a report on the West Rutland situation. The following day he bucked the information request to Howard Bertsch, administrator of Farmers Home Administration, on the grounds it was strictly an FHA affair.

This was well after Mr. Megrath had been told finally that he was ineligible under FHA's limitations.

The same day, the Vice President's office asked Assistant Commerce Secretary Eugene P. Foley for a raft of answers to specific questions from Mr. Megrath regarding available programs and eligibility under them.

Mr. Foley wrote back within a week with the answers, adding that West Rutland appeared likely to lose its eligibility for his agency's aid program because of the improved unemployment picture.

RCDS replied to the Vice President's office in mid-May, quoting the old FHA memorandum declaring West Rutland ineligible. Added Assistant Administrator Humphrey:

"It would appear from this response to West Rutland's request that it has been decided that West Rutland is to be considered a part of the metropolitan area surrounding Rutland.

"Therefore, in accordance with the agreement between the Department of Housing and Urban Development and the Department of Agriculture, administration of water and sewer programs in this community would be the responsibility of the Community Facilities Administration in the Department



of Housing and Urban Development."

Not a word about EDA, which has its own field representative in Vermont was promoting.

True enough, HUD has some public facility aid available. But it requires extensive community planning to qualify, just as FHA does for its rural programs.

In fact, Paul Guare of Montpelier, Vt., the field representative under Mr. Humphrey at RCDS, has been declaring West Rutland and surrounding communities ineligible for HUD assistance for this precise reason.

At the time of David Humphrey's reply to the Vice President's office, Mr. Guare was well along in the rush to beat the eligibility cutoff and was getting EDA men in touch with communities like West Rutland. Even then there was some wheel-spinning. Sources in other communities told NATION'S BUSINESS they had been encouraged to file applications though they strongly doubted their own eligibility.

Throughout recent months still another federal agency, the Agriculture Department's Soil Conservation Service, independently has been surveying the Upper Castleton River watershed, which lies partly within West Rutland, for a flood-control project estimated to cost some \$600,000.

The project includes extensive dredging of the river bed, where years of silt accumulation have raised the level of the river and the surrounding underground water table.

This has caused septic tanks in the town to back up, flooding stores and homes with raw sewage. Some have had to be abandoned.

Mr. Megrath hopes the channel-dredging project, if approved, will include a river tributary within West Rutland so as to lower the water table in the town and ease the town's flooding problem. Whether it is included or not will depend on whether the additional tributary work is defined as flood control (eligible for full federal financing) or merely drainage (ineligible).

He hopes also that if the government ever approves it, the area can be drained before the sewer project gets under way, if it ever does.

#### Going whose way?

Are the projects being considered as a whole? "They [the Soil Conservation Service] are going their way; we're going ours," he reports.

West Rutland's misadventures

with federal bureaucracy dramatize what Sen. Edmund S. Muskie of Maine, chairman of the Senate subcommittee on intergovernmental relations, found in a study. "We learned that many federal officials . . . were just not interested in—in fact, were hostile to—coordinating programs within and between their departments."

Warning that "we are headed for trouble," the Senator has proposed nothing less than a top-level National Intergovernmental Affairs Council, headed by the President, to serve as a "working secretariat" to knock heads together in running

federal programs. Others, including some mayors, governors and independent experts on government, have been urging as alternatives reforms whereby the federal government would share its revenue or revenue sources with the states or localities and let them solve their own problems.

The Administration doesn't think much of this idea.

But the Great Society will have to devote more time and attention to how the raft of new laws are actually administered or it will surely face more and more Mr. Megraths of West Rutland. **END**

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# WORLD BUSINESS: WHAT TO EXPECT

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Special quarterly report  
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## U. S. capital for Europe: Bright spots and bleak

Two potential barriers stand in the way of further worthwhile United States investment in Europe. One is Europe's nationalistic fears that Yankees may take over their basic industries; the other is President Johnson's dogged insistence that American foreign investment must not damage the balance of payments.

Just now, over most of the continent, the first barrier appears to be crumbling. But the second is causing increasing difficulties.

In Britain there had been some fear that reconfirmation of a Labor government might harden political attitudes against possible "dollar imperialism." Precisely the reverse has happened.

The Wilson government is eager to attract American management techniques and American money—especially as U. S. firms are more willing to go to less developed parts of Britain (Scotland, for example) than many British firms are. This applies not only to new American ventures but to American buying of existing British shares as well.

In France Gen. de Gaulle's new Finance Minister, Michel Debré, used to be a bitter opponent of U. S. inroads into French industry. But since returning to government last January, M. Debré has seemed surprisingly willing to welcome new U. S. investments, especially if they are ready to go south of the Loire, to less developed areas of France.

Only in Germany may the atmosphere be about to get chillier. After years of heavy surpluses, Germany ran into a big balance of payments deficit last year. But the investment boom there—absorbing 25 per cent

of gross national product in the past—may be slowing.

Moreover, the Erhard government, which has had to become more dependent politically on the United States since France's withdrawal from NATO, is not too anxious to let it seem that German industry is becoming economically dependent on America too.

In Italy and other smaller countries of the Common Market, the political outlook for American investment is good. Farther ahead, unlikely as this may sound, big new American business deals will come in the most underdeveloped of all parts of Europe—behind the Iron Curtain.

The deal by which Italy's Fiat is to help Russia set up an automobile industry is being followed by approaches by Rumania and other East European communist countries to West European firms. Technologists in all these communist countries would love to make deals with American firms instead. American technology has an almost magical reputation there—West European technology is regarded very much as second best.

At the moment political factors stand in the way, but over the next decade it is a fair bet that extraordinary things will happen in American-Soviet bloc business relationships.

## Why more Americans may buy European steel

Overcapacity in European steel industries is causing them to concentrate. When the process is completed they will be stronger, more efficient competitors and also bigger suppliers to the U. S. market. A year or two ago Europe's steel-

makers fought a bitter war which brought prices tumbling down often to uneconomic levels. The big merger between the two German companies, Dortmund Horder and Hoesch, and the Dutch firm, Hoogovens, was a spectacular demonstration of the way out of this war and the way back to efficient profit-making.

The group is not only big, it is a first-rate example of vertical integration. Also it is sited to suit modern conditions: Foreign ore and imported U. S. coal are economically converted into iron on the Dutch coast, and the final rolling is done on the doorstep of the great engineering complexes of the Ruhr.

In France steel firms ranked first and fourth in size have joined forces. The resulting group is not on the massive scale of the German-Dutch combine, but it is based on the same concepts. More mergers will follow. The British too may join in.

The first fruits of these moves are being harvested. Last year was a record year for Europe's exports across the Atlantic because of strike-hedge stockpiling by U. S. steel consumers. But even now, with the strike averted, American buyers are still taking large consignments of European steel.

## LAFTA ups the tempo of Latin trade tango

So far the Latin American Free Trade Area has been nourished largely on high hopes. Now pressure from various Latin American governments makes it look likely that LAFTA will spread its wings.

The group covers Mexico and all the South American republics except Venezuela and Bolivia. High



Venezuelan production costs have made manufacturers there fearful of throwing their gates open to low-cost products from Latin American neighbors. But Venezuela President Raul Leoni reckons that his country will soon join up. Hopes of transforming great parts of the continent into a vast protected market for Venezuela's petroleum are outweighing industrialists' fears.

LAFTA is forging links, too, with the tiny but fast growing Central American Common Market, which includes Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

But the process of tariff-cutting between LAFTA members—the crux of the group's operation—has so far gone at a snail's pace.

Each item traded is taken separately; each is the object of furious horse trading.

Some political leaders, the presidents of Chile and Venezuela among them, want this process speeded up. They recognize it as much too slow to strengthen Latin America's hand in the world of big commercial powers which are themselves getting stronger through integration.

So the reformers propose as step one the adoption of linear, across-

the-board tariff cuts instead of the item-by-item approach. Second, the pressure grows for converting LAFTA into a full-blown Common Market with a uniform tariff against goods from the outside.

## Chile's plans open machinery market

President Frei's left-wing Christian Democratic government in Chile could hardly be called a businessman's administration. Yet, because of its ambitious and energetic plans for social change, it should offer good prospects for those willing to play it on Frei's terms.

President Frei plans not only to create half a million small landholdings by the time his term ends in 1970 (Mexico and others have tried this sort of thing and failed) but also aims at maintaining and improving yields at the same time, by giving financial help and expert technical advice to the new owners.

The technical and mechanical revolution that the government plans through the Corporación de la Reforma Agraria (CORA) implies a big boost in orders for all types of agricultural plant and equipment. Central Chile, don't forget, is potentially

a very rich agricultural area; it has the only California-type climate you can find in Latin America.

The thickly wooded and lightly populated country to the south gets special development treatment from the government and this means bigger purchases of heavy tree-felling and land-clearing equipment.

Chileans will be needing lots more smaller agricultural tools, suitable for homesteads or cooperatives. The exporter who wants to supply them in quantity will be looked on favorably if he shows willingness to set up a plant in Chile. Some communist countries have already got this message and the Bulgarians have been especially active in preparing to manufacture light agricultural implements.

## Put Ivory Coast on your prospect list

With only four million people, Africa's Ivory Coast looks like small potatoes as a market, but it is a little free enterprising country with a big potential. It wants to reduce its excessive dependence on France—and the United States, second largest supplier to this \$180 million market, stands to gain most from this trend.

Today demand is concentrated on transport equipment, machinery, spare parts and raw materials needed to build up domestic industries. But if today's rate of progress is maintained, the day of the mass consumer market cannot be far off.

Far-seeing American businessmen should regard Ivory Coast as a firm base for a much wider market. It is an excellent gateway for trade with other members of the West African Customs Union, a legacy of colonial rule. And if the idea of a free-trade area with Guinea, Liberia and Sierra Leone gets off the ground, Ivory Coast will be the strongest member of a \$310 million market.

Note: Foreign businessmen benefit from a liberal investment code and a low rate of company taxation (25 per cent) with compulsory reinvestment of a further 10 per cent after which local currency earnings are freely convertible.

*West Germany is enjoying boom times, like most of free Europe, but doesn't share its neighbors' attitude toward U.S. investments.*

PHOTO: WHITE HENRIK—PHOTO RESEARCHERS INC.





## AUTOS ARE SAFE

continued from page 35

take into account the system in which the device is used, and this involves the human operator.

**Are you referring here to human engineering?**

Yes, there will be some elements of human engineering, some very important elements of human engineering in the setting of really meaningful automotive safety standards.

**Do you mean you will have to consider the nut behind the wheel, in effect?**

We have to appreciate that drivers are human beings with finite, physical limitations, and the normal range of human characteristics ought to be matched to a vehicle.

**What are some of the factors you would be looking at here?**

Vision, certainly. We will look essentially at the normal physical interaction between man and machine.

Reaction rates are certainly a factor that would come into it—the application of braking systems, corrective steering systems and things of this sort.

One problem in connection with braking systems, for example, involves the human characteristic of wanting to force the brake pedal to the floor for a quick stop, which produces skidding in some situations. Since this is the normal way a human being reacts, an optimum braking system would have a torque system on the braking system so it wouldn't skid.

This is one of the areas where you have to get into the man-machine interaction if you are going to get an optimum procedure.

*[The Automobile Manufacturers Assn. says car makers have no present plans to install in automobiles a torque system of braking. There is under development, however, a device to prevent jackknifing by tractor trucks and trailers.]*

*"It is considered impractical for passenger cars, as such systems significantly increase stopping distances," AMA says. This theory is reinforced by Air Force studies, according to AMA.]*

**Would you set standards in this area early in the game?**

No, that comes down the road. You can't get very deeply into that problem, and meet some of the time

schedules specified in the legislation.

**Just how do you set standards now, Dr. Astin?**

There are only four engineering-type safety standards that we are now in the business of setting.

In general, our involvement in setting of standards is to make sure that there are adequate criteria first for evaluation, and then adequate test methods to determine conformance to these criteria. Then we depend to the maximum possible extent on the private engineering, professional and industrial activities to set limits.

Our primary concern, traditionally, has been to make sure that there are adequate means for evaluating performance, and leaving, as far as possible, the setting of limits to industry or to private engineering and technical groups. This has traditionally been our role of cooperating with the private standard-writing organizations, giving them the technical material they need and letting the actual setting of levels be done in a sort of give-and-take business by the people that are most knowledgeable and experienced.

**Can you give an illustration of that in terms of brake fluids, for which you already set standards?**

The four standards that we are now required to set by law deal with brake fluids, seat belts, special opening mechanisms for household refrigerators and flammable fabrics. In all of these areas, we have arrived at the limits after extensive consultation with the private standard-setting groups.

To be specific, in the brake fluid field we worked extensively with the Society of Automotive Engineers and when we felt that some changes in their standards were necessary in the public interest, in order to fulfill our role, we persuaded them to change their standards so that we could then use their Society of Automotive Engineers standard as the federal standard. So to the maximum extent possible, we use the private standard-setting mechanisms.

How feasible it will be to follow this procedure in the broad automotive safety standards field, I don't know. The time schedule is the main inhibition against it.

The legislation in the areas of auto safety and packaging call for some form of mandatory standards. Do you feel this will disturb the tradi-

tional "consensus principle" under which the Bureau and industry in the past have been able to work out acceptable standards on a voluntary basis?

It has some implications, certainly, in terms of the effect on that relationship. But I am hopeful that the pattern of success that we have had in the case of the four standards for which we now have responsibility will continue.

Take the business of the refrigerator opener. This, I think, is an excellent example of an excellent way to develop any standard because we had time for that to conduct actual performance tests on children.

The main purpose of that was to prevent the entrapment of children in refrigerators. When we had the job of setting this standard, we hadn't the faintest idea of what sort of things would be helpful to children in getting out of refrigerators they were trapped in.

We specified force that had to be applied under certain conditions in order to get out. And information on this we developed from actual field studies with little kids. We called for volunteers.

**You actually put children in refrigerators to see how they would get out?**

Yes. And we took infrared movies of them and watched them. From that we developed the standard.

Now, this is the way you go about developing a standard. You determine what is meaningful to require in terms of safety. And we had the full cooperation of the National Electric Manufacturers Assn. in these studies. Actually they helped finance these studies.

**In general, there has been a great deal of cooperation between the Bureau and industry in all the areas you are responsible for?**

That is correct.

**In terms of money and staff what kind of budget will be required by the Bureau to carry out your new responsibilities?**

Since the automotive safety field is one in which we have very little experience, except in brake fluids and seat belts and some few years ago in tires, it is very difficult to set price figures. But our tentative estimate is that this will begin at about a \$10 million level and, over the next few years, get up to a \$20 million annual level.

It is going to require—if we are



to have meaningful standards—extensive experimentation with vehicles, simulating as near as possible the conditions under which accidents take place. This is going to become a significant portion of our total program.

**How does that \$20 million figure compare with your current budget?**

Our present budget is in the vicinity of \$30 million. So you can see this is a program which we expect within a short time to be two thirds of what our present appropriations are, and of the order of 40 per cent of what our total effort is.

**And in terms of staff?**

We expect it will require several hundred people on our own staff. But we also expect to make great use of expertise wherever we can find it.

**Including the automobile industry?**

Including the automobile industry to the maximum extent they can help us. There is some competence in universities that have been doing work in traffic safety problems, too.

There is some competence in some of the defense laboratories that have been involved for military reasons in safety problems. And we would expect to tap these

sources of competence to the maximum extent possible.

**The automobile industry has millions of dollars invested in safety testing facilities. Will the Bureau attempt to use these facilities or will it build its own? And how much would it cost?**

Well, our budget at roughly \$10 million in a year and going up would include the acquisition of some facilities ourselves. To the extent that facilities in the automotive industry could be available to us on the basis of complete objectivity, we would certainly have no reason not to want to use these facilities. But what freedom we might have in really controlling the use of these facilities, I am not sure yet. This would be one of the things we would have to explore.

**How will the Bureau physically maintain liaison with the industry in this field?**

Our present mechanism in the brake fluid and seat belt field has been through the Society of Automotive Engineers. We have worked very closely with the professional engineering societies, as a matter of fact. This mechanism, I think, would be the one we would continually prefer to try to use.

This does not rule out the trade associations, but I think that we

will have a better job of maintaining the high level of technical competence with our present liaison, the professional engineering society.

A recent major responsibility given to the Bureau was one to provide technical assistance to government in the utilization of automatic data processing systems, and also to develop standards for the more effective utilization of automatic data processing systems.

Here the main problem is compatibility of systems so if one government agency invests a lot in one particular make of machine, it should also be able to change to another class of machine if the technology warrants, without destroying all internal procedures.

Now, to do this, we have to have standards and it has been estimated that the government can save between \$100 million and \$200 million a year in the costs of using automatic data processing systems if we have better standards for the program.

What we want is interchangeability of systems, so the government will be able to use machines made by IBM, Univac, CDC or what have you. And we feel that this is an area where we must have industry cooperation if we are going to have standards.

**Has this been successful so far?**

Well, we have just started this. It looks like it is going to be successful, but it is still too early to predict. If it works in this area, I would hope to extend it to the automotive safety standards.

One area where it has worked best in the past has been in the construction industry.

**For example?**

The Structural Clay Products Assn. and Manufacturing Chemists Assn. are groups with which we have worked in the development of testing techniques for different types of building materials. We would like to apply this technique to the automotive safety field, and I am optimistic about the possibility for success.

There seems to be some fear on the part of the industry that the Bureau of Standards will be called on not only to set performance standards but design standards as well. If this is done, wouldn't the government in effect be thrusting itself in the role of designing automobiles?

I mentioned earlier that our concern in the safety standards

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## They set the standards— for road maps to rockets

Probably the two most prized items in Dr. Allen V. Astin's possession at the National Bureau of Standards are a plain and unimportant-looking metal bar and cylinder.

They are so prized they are kept in a burglar-proof vault which only one person—a top aide—is authorized to open.

Dr. Astin's two metal objects are at the base of this country's role as world leader of science and technology.

The bar, known as the prototype meter, is made up of \$10,000 worth of platinum and iridium. The cylinder, referred to as the prototype kilogram, is composed of \$3,000 worth of the same metals.

They have been the official standards of length and mass in the United States since 1890 when they were unveiled in the office of President Benjamin Harrison.

The accuracy of virtually everything produced in this country—from road maps to Agena rockets—must be calibrated to standards traceable to the plain-looking metal bar and cylinder.

Both measuring standards are modeled with exact precision after the international standards which are in safekeeping in the town of Sèvres near Paris, France. The original bar and cylinder were created in 1889, the year before their prototype was adapted for use in the United States.



## AUTOS ARE SAFE

*continued*

field is that they be related as closely as possible to performance requirements.

**But you didn't mention design.**

I don't care how a system is designed as long as it meets the performance requirements. You can make automobile tires out of blue cheese, if this would give the safety and tread wear.

**So you definitely will not get into the design area at all?**

Well, I won't say that, for the very simple reason that writing of meaningful performance characteristics requires extensive experimentation and research. And time scales required by the Congress for some of these standards, I think, are such that it is going to be impossible to develop performance characteristics in some cases. So there may temporarily be some design requirement. But I would look on this as some interim device.

That is, in the absence of being able to define the forces that an automobile tire would have to resist, we may have to make some guesses and say something about its size and shape and this I would do only as an emergency measure.

**And this will be necessary because of the time schedule?**

Let's put it this way, it may be necessary in some areas because of the time situation. But I would look at it as an interim procedure.

**What about foreign cars? Will the Bureau impose standards for them as well?**

The legislation specifies standards for all cars shipped in interstate commerce in the United States, including foreign cars.

**Dr. Astin, how much consideration will the Bureau give to the high cost involved if the industry has to retool its facilities to comply with your standards?**

I think I mentioned earlier that economic factors must influence some of the judgments. A car that may be extremely safe may be extremely costly, so no one could afford to buy it.

**And how would that question relate to the new packaging legislation?**

I think there has to be some ap-

preciation of the fact that the standards must be realistic in terms of defining products that can be built and sold. At the time I think it is possible to write meaningful safety standards consistent with the practicability of production and marketing. But we will have to have some competence in this field because most certainly it has to be a factor in some of the things we look at.

**The president of Kellogg Co., for example, estimates it would cost some \$4.3 million in capital equipment and an additional operating cost of \$2 million a year to standardize its packages.**

The packaging field is one where, as I understand the legislation, industry would have the opportunity to develop its own standards under our voluntary product standards program if they wish.

To the extent that they do this, this seems a way to take care of some of these costly economic factors. Then the standard will be consistent with what the industry considers to be practical and useful, but I would say where we have

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**A leading highway safety expert tells how we can cut down traffic toll that costs 50,000 lives and \$9 billion a year. For a look at his five-point program, see page 31.**

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to set standards, most certainly the standards I think will have to be realizable.

It is my feeling that standards can be developed and applied so that they aid rather than restrict competition. In other words, one of my definitions of an engineering standard is that it is an acceptable solution to a repetitive problem. And to the extent that the standard is used, resources do not have to be applied in the area of the standard, but instead inventiveness can be applied to things not in the field of standards, and thus encourage innovation in other areas which I think may have more

sales appeal, and certainly more product value than in innovating new sizes of packages.

One area where we have done a great deal of standardization is in terms of through threads, that is, nuts and bolts. If there is a range of useful and acceptable standards for nuts and bolts and screws, you can design mechanical equipment without regard to these. You don't have to spend your resources innovating in this area. You can apply them to other areas that might be more meaningful in terms of the product characteristics.

Now, in a rapidly changing field such as automatic data processing systems, you can't standardize too fast, otherwise you would freeze inventiveness. Therefore standards always have to be in a state of compromise and flux.

**In setting standards in the packaging field, will you take into account consumer demand, consumer acceptance, costs or any of many other factors involved?**

Here I think that one has to consider the intent of the legislation, and as I understand the intent, it is to facilitate the determination of quantity and value in packaged products by the average buyer. If this is the intent of the legislation, then most certainly we will have to make some appraisal of how the average buyer looks at these characteristics.

**The new packaging legislation has both mandatory and discretionary provisions. How will this work?**

Well, as I understand it, the industry can use the mechanism of a voluntary product standards program to arrive at voluntary standards, if it wishes, and to the extent that these standards appear to meet the intent of the legislation, we will be relieved of the responsibility of setting mandatory standards.

**And if the industry can't arrive at standards on their own, what will the role of the Bureau be?**

We would then have the responsibility to set standards. But here again, as I mentioned earlier, it will still be our intent to work with all affected parties to the maximum extent feasible in setting standards. We will not work in a vacuum.

Our present procedure with the four mandatory standards with which we are now concerned is one of working with the professional groups involved in getting what appears to be an acceptable standard,





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(UNCLE SAM, that is)

David McCallum, enigmatic agent from U.N.C.L.E. on the popular television series, is doing something for the future every payday, by putting part of his pay into U.S. Savings Bonds.

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way: a few dollars every payday on Payroll Savings.

If you've never had the fun of watching a small sum grow into a surprisingly big sum, get into the Payroll Savings Plan now. You'll be glad you did. And so will your country.

### NOW — Savings Bonds Pay 4.15%!

*Interest on new E and H Bonds you purchase has been raised to 4.15% when held to maturity. E Bonds mature faster — now in just 7 years. Your old Bonds will earn more, too. Savings Bonds are better to buy, and hold, than ever.*



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## AUTOS ARE SAFE

*continued*

and then publishing this standard for comment. So far this has been an adequate mechanism of airing the standard.

**What international standards are in existence?**

We have a lot of international standards. One of the major areas that we have them in is the field of plastic products. These have been developed through the international standards organization, and the characteristics for these standards controlled to some extent the ability to market plastic products in nations that used the standards.

We have been active, and this country has been very active in setting such international standards. In a variety of electronic products we have been very inactive. And here European standards for a number of electronic products inhibit our ability to market.

**Is it correct that the U. S. television industry moved a little too slowly and we lost out on the television market in Europe, that our television sets are not able to pick up a TV signal in Europe because—**

We lost out in getting the European nations to accept the standard which had been developed in this country, which was a very good standard, and I think had a better technical basis than any other. The reason for it, I am not sure, but my guess is that we were not involved early enough in the shaping of European thinking in the way the standards ought to go.

**Do you look to the day when we will have international standards on virtually everything?**

Yes, I think this is coming. I think the increased smallness of the world, travel-wise and communication-wise, and increased trade throughout the world makes it inevitable that we will have international standards for commercial products.

**Dr. Astin, if you do the family marketing, do you find it difficult shopping in today's supermarket?**

No, I have no trouble, no appreciable trouble in the supermarkets, and I do a fair amount of the family marketing.

**Do you carry a slide rule with you?**

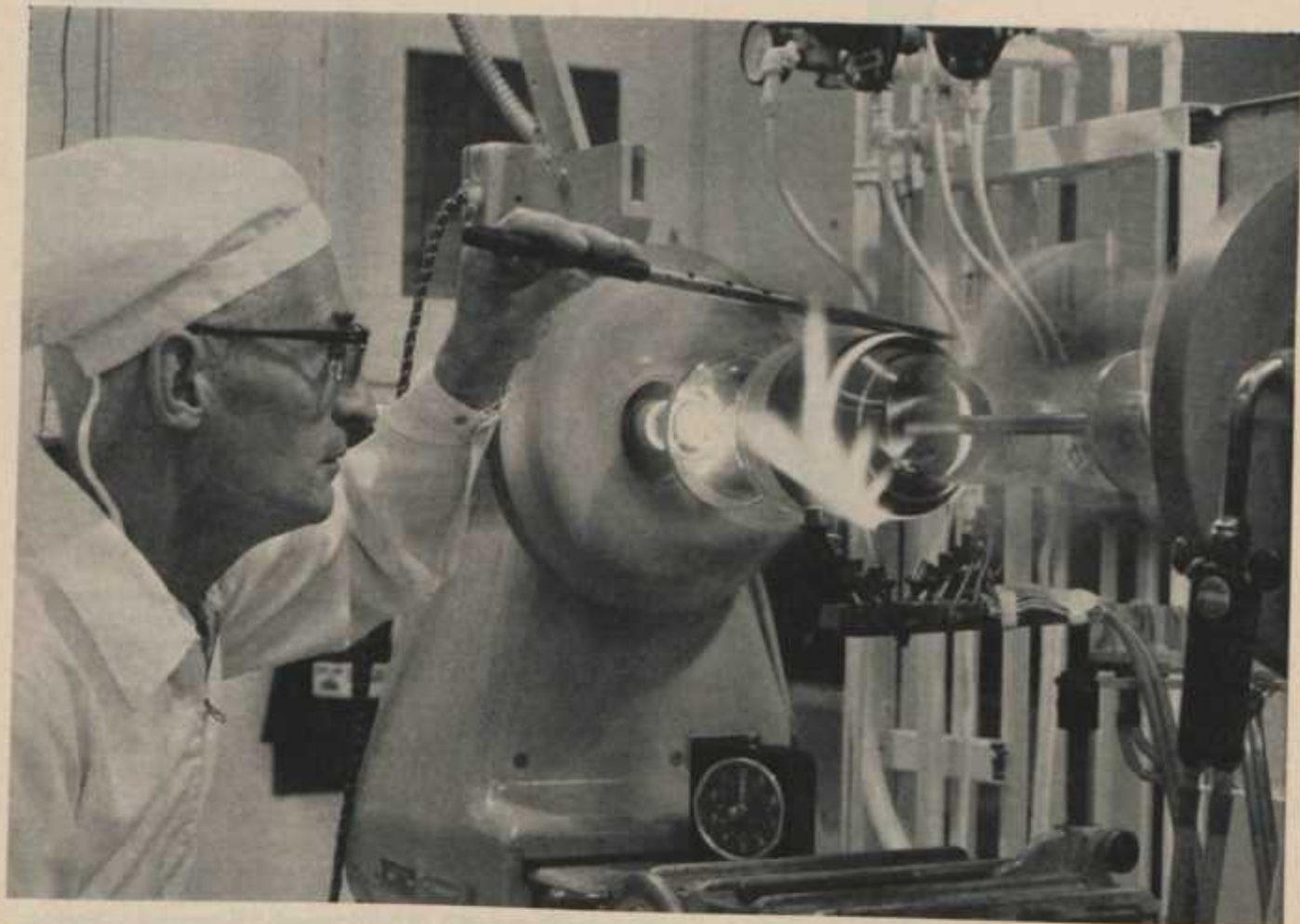
No.

END



*Safety testing of some auto equipment has been going on at the National Bureau of Standards for years, but not on the scale it soon will perform. It has been safety testing tires for the General Services Administration which purchases thousands of cars annually for the government. This apparatus can test six tires simultaneously to check effects of load, temperature and speed. The agency also runs safety checks on seat belts and brake fluids as well as studying behavior of metals.*





# SAN DIEGAN AT WORK

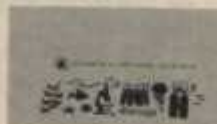
And, while he develops a new display storage-tube, his next-door neighbor descends a mile into the sea to study the ocean bottom. Tonight they may both be at (or in) a stage play, or doing graduate work at a local university. This is the flavor of San Diego today. It's young, aggressive, talented people and growing firms and institutions.

Let's get specific. Average age is 26.4, and it is one of the fastest-growing metropolitan centers in the nation. (Now ranked 15th in population.) Look beyond our beautiful climate and you'll see a state college and three universities—including the new University of California at San Diego.

This has been a birthplace of the aerospace industry and

a hub of the electronics industry. Today it is also a major center for Oceanics. That's why it is the home of 7 of the nation's deep submersibles and 59 firms and institutions engaged in this new field.

It's an ideal climate for research and development . . . but, strangely enough, just as good a place for manufacturing rugs, boats, golf clubs, industrial gas turbines and bathing suits.



Don't you think it's time for *your* firm to investigate the opportunities offered by a San Diego location? For booklets "Oceanics in San Diego," "Research and Development in San Diego" or a general profile of San Diego, write (on your letterhead, please) or contact John E. Harter, Manager, Industrial Development Department, San Diego Chamber of Commerce, 499 W. Broadway, San Diego, California 92101.

 **San Diego County**  
key your future to exciting San Diego



## JUST AHEAD: STRIKE THREATS

*continued from page 37*

- Time off with pay for medical appointments.
- An extra 75 cents an hour to cover babysitter costs for a mother who is asked to work weekends, holidays or overtime.
- Dental as well as hospital and medical insurance.
- Company help in paying college tuition costs of employees' children.

### Tempting government controls

Wage increases alone so far this year are averaging about 3.7 per cent for the first year of major contracts. The figure is expected to top four per cent by the end of the year and five per cent next year.

All of this, of course, puts the hikes well above President Johnson's suggested limit of 3.2 per cent on combined increases in wages and fringe benefits.

The unions' refusal to restrain their demands has renewed talk of government control of wages and prices to prevent further acceleration in the wage-price spiral. President Johnson, however, has indicated he wants to give voluntary methods a full ride before considering mandatory controls such as those imposed during World War II and the Korean War.

Meanwhile, federal mediators are participating in more and more "noncrisis" bargaining in hopes of pulling the reins on inflation while heading off strikes.

Also, continuous, year-round bargaining at the level of union locals is gaining popularity as a means of averting long, damaging strikes.

But some see a serious threat to the delicate balance of power between management and unions in AFL-CIO attempts to gang up on single firms that hold contracts with several unions.

The real showdown for this new device is in the current eight-union confrontation of General Electric Co.

Major labor contracts that expire in the next 17 months are listed here by industries:

**AUTOMOBILES**—Three-year contracts signed by the major auto companies—General Motors, Ford and Chrysler—end in September, 1967.

The General Motors contract covers 345,000 auto workers, Ford's covers 141,000 and Chrysler's, 81,700.

In October, 1967, UAW contracts expire for 20,200 employees at American Motors Corp. and 7,850 at Mack Trucks, Inc., which closed its plants in 1961 when it underwent a 46-day strike.

In November, 1967, UAW contracts end for 6,000 at Dana Corp. and 5,100 at Rockwell-Standard Corp.

Although workers in the auto industry stand fourth highest in the nation in gross hourly earnings, UAW President Walter P. Reuther has proclaimed that all auto workers must be paid hereafter by salary.

The fiery Mr. Reuther also threatens to insist that workers making American cars in Canadian plants be paid the same as those in U.S. plants. At present, U.S. employees average 41 cents an hour more than Canadians for production work. It's up to \$1 an hour more for skilled trades.

This Reuther demand is seen as an attempt to discourage auto firms from making cars over the border to avoid exorbitant wage rates at home.

Additional bargaining points will be detailed in Detroit next spring when the UAW holds a special collective bargaining convention. At the union's constitutional convention last May in Long Beach, Calif., delegates took the unusual step of overriding leader Reuther to add a shorter workweek to demands in the upcoming bargaining. Mr. Reuther had feared that throwing in that item would weaken his focus on guaranteed annual salaries for workers.

Another resolution passed by the delegates—this time with Mr. Reuther's blessing—said, "Justice and economic consideration alike make it imperative that major emphasis be placed on wage increases in 1967 negotiations."

The UAW plans to fatten wages by "modernizing the arithmetic" in cost of living clauses. Other likely UAW demands will be in the fields of overtime, transfer of blue-collar workers to white-collar jobs, the use of attrition when technological changes cut work forces and "parity and security" for workers employed by independent parts and other suppliers.

In an effort to hang on to and attract skilled trades workers and white-collar workers, including technical, office and professional workers, the UAW has decided to give them more say in the bargaining. From now on, after the UAW's International Executive Board has approved a local union's request for

separate balloting to ratify a contract these skilled workers will be allowed to vote on the total package and then on those areas of the agreement that pertain only to them.

**ELECTRICAL EQUIPMENT AND APPLIANCES**—General Electric's contracts with 70,000 International Union of Electrical Workers (IUE) AFL-CIO and 12,000 members of the independent United Electrical Workers (UE) expire in October, 1966. At the same time, Westinghouse has contracts running out for 35,000 IUE members, 6,000 UE members and 14,000 members of the Federation of Westinghouse Independent Salaried Unions.

Insurance, pension and vacation agreements at both General Electric and Westinghouse expire in 1968.

The big issue in the current negotiations is over the coordinated bargaining—the gang-up—approach IUE's new president, Paul Jennings, has adopted. The IUE has joined ranks with seven other unions which represent, in all, 120,000 GE employees. The aim: Coordinate strategy and demands.

The seven other unions are Auto Workers, Machinists, International Brotherhood of Electrical Workers (IBEW), American Federation of Technical Engineers, Sheet Metal Workers, Allied Industrial Workers and Flint Glass Workers.

The coordinated unions seek what they claim to be a "catch up" wage increase of 25 to 30 cents an hour; a yearly improvement factor based on increased productivity; reinstatement of a cost-of-living clause eliminated in 1960 and elimination of wage differences in various areas for what they view as the same work.

Western Electric Co., Inc., has contracts ending next month with 5,700 IBEW members at its Indianapolis, Ind., plant, and in December with 11,900 IBEW members at its Kearney, N.J., plant and 7,100 Communications Workers in its Merrimack Valley Works in Essex County, Mass.

A contract between Allen-Bradley Co., of Milwaukee, Wisc., and 5,000 members of UE expires in March, 1967.

Employees of electrical equipment companies right now are ranked third highest in gross hourly earnings among the nation's industries.

**TELEPHONE AND TELEGRAPH**—The Communications Workers of (continued on page 81)



# Surprise



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a correspondence school, press #2 button"**

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## LESSONS OF LEADERSHIP: PART XV

# KEEPING AN EYE ON WASHINGTON

A conversation with Willard M. Kiplinger, the publisher of the famed Washington newsletter

Willard M. Kiplinger, a tall, plain-talking, silver-haired man, surveys Washington and the world from the quiet eminence of a wood-paneled office atop his own Editors' Building in Washington, D. C.

This marks Mr. Kiplinger's fiftieth year as a Washington reporter. He has been writing and selling his now famous Washington newsletter since 1923, interpreting government and the economy to businessmen and to other Americans. He is soft-spoken, informal, the possessor of a well ordered but crowded mind. Though semi-retired, he still bangs out items for the terse, informative newsletter on an ancient Underwood typewriter, digesting memos from his staff of associate editors, using his own experience-honed judgment and intuition.

"Kip," as his senior people affectionately call him, has seen it all in Washington—the city's growth from a governmental backwater town to nerve center of the modern world—from days of small government (you could get in to see the top people without much more than announcing yourself) to government's new, sprawling, high-pressure presence. (Government has gotten awfully big and difficult to cover.) He shudders at

word-fetishes, though admits to a compulsion for brevity and his own straight-from-the-shoulder style.

He feels businessmen are more interested now than ever before in what government does because government affects our lives, our businesses, in so many ways.

His newsletter first was knocked out as a giveaway. Today it is the keystone of an unusual publishing success that includes five other specialized newsletters and the monthly magazine *Changing Times*.

Long-time readers of *NATION'S BUSINESS* will recall that Mr. Kiplinger once wrote special Washington columns for this magazine. In the interview which follows he recalls his early days and comes up with some informed predictions about business, government and political trends still in the making.

**Mr. Kiplinger, when did you first recognize the salability of a newsletter which interprets the effect on business of decisions made in Washington?**

Well, the newsletter started in 1923 but I guess you have to say I was aware of the market before that. Before World War I,



## KEEPING AN EYE ON WASHINGTON *continued*

I was an Associated Press reporter in this town. I was 26. Before that I was a reporter in Columbus, Ohio. When I came to Washington, I got thrown into the Treasury beat. I learned the Treasury, and finance, a little at least. I got to be known as the "economic expert" of the staff. I wasn't any such thing. I understood what a rediscount rate was and that made me an expert.

The National Bank of Commerce in New York hired me as their Washington representative. I was essentially a reporter. They wanted to know, for example, what Chilean bonds were doing, and about the long-fiber asbestos versus short-fiber asbestos, and whether that revolution in Guatemala was going to bust and things like that. Reporting news, in other words.

While on that job for about three years, I found that much of the news is suppressed. People don't like to talk to reporters. They regard reporters as the enemy, so they won't tell them the real low-down. Well, I didn't like being a banker, so I went back to reporting and opened a free-lance bureau. I wrote anything for anybody, anybody that wanted a piece I would write them a piece—*The New York Times*, *NATION'S BUSINESS*, and so on.

Then I started my own *Washington Letter*.

**You found it easier to get information when you were representing a bank and weren't thought of as a reporter than when you were a reporter with the Associated Press?**

That's right. I think it is not too much to say that there was and is a conspiracy to keep the real low-down from reporters in Washington. So with the *Letter*, I violated all of the rules of reporting, giving opinion as well as fact. I would write that such and such a bill wouldn't pass, that Senator So-and-so had said such and such, but that I thought he was wrong. Or I would use the expression "Nuts" or "Oh, yeah?"

I proceeded on the assumption that a reporter is entitled to have judgment. I haven't really changed from that day to this and that was more than 40 years ago.

**So you decided to sell judgments and predictions, rather than news?**

Yes, to get behind the news; to judge its implications. I think the

reporter has judgment; he knows who killed the victim, when maybe the jury doesn't. He knows whether the oleomargarine bill will or won't pass. Why? Because he goes around and asks the lobbyists about some bill that they are espousing, and they will tell him on the QT, "Oh, no, of course it won't pass."

Now, they don't say that publicly, so there is a great difference between what people tell you for publication and what they will tell you if they know they are not going to be quoted. And we don't quote anybody. If there is a secret to the success of my newsletter, that is the secret. Mixing fact and opinion, judgment and appraisal, and not attributing the information we get.

**Can you tell us a little bit about how your *Washington Letter* started and how many readers you had in the beginning?**

I just sat down one Wednesday night and wrote it and mailed it out to a lot of people for free. Then I did a better one the next week, and the next week and the next week, and then I offered it for sale for \$10. I got 100 subscribers and I thought my future was made. But I soon found that 100 times \$10 wasn't enough. So I systematically solicited for more and then raised it to \$12, and then to \$15 and then to \$25. That was too high; people wouldn't pay \$25. So I dropped it back to \$18. It sold for \$18 because the market then would take \$18 and wouldn't take \$25. When higher postage rates came along in recent years we raised it to \$24.

**What is your circulation now?**

I won't tell you. That is the one secret. And the reason is, it is nobody's business. It goes up and it goes down, and we tend to play small rather than big. We sell to anybody who has \$24. We are not exclusive. We will take anybody.

I will tell you the gossip. If you go around in the direct-mail quarters and say, "What is the circulation of *Kiplinger's Washington Letter*," they say, "Oh, around 200,000." I don't confirm this and I don't deny it.

**Mr. Kiplinger, have things really changed very much in this town since you started interpreting Washington trends for your readers?**

Yes, they have changed a hell of a lot—mainly by complication. There is more business news out of Washington than there was then. Just

take the Federal Trade Commission, for example. That used to be our main source of government regulation. Now it is just one of many. You name them; I can't even start. Regulations governing airlines, railroads, broadcasting, securities, food and drugs, power. Then we have laws. Labor laws, wage and hour laws, all enforced by Washington. Government impingement on business must be at least 10 times greater now than when I started.

**Do you feel the businessman's interest in finding out what is going on in Washington has grown as government has grown?**

Naturally. There is more demand for information now, and it is more specialized than it ever was in the past. I have had to establish a *Tax Letter*, an *Agricultural Letter*, a *Foreign Trade Letter*—which died—a *Florida Letter*, a *California Letter*, a *Book Letter*—and that is just the beginning.

Other publishers, of course, have established special letters, too, for food and drugs, telecommunications, aerospace, government procurement and so on. I think that trend will grow.

**The newsletter trend?**

I don't know whether it will be newsletters, because they are pretty hard to establish. But I think specialized reporting is going to grow out of Washington and everywhere else.

Reporting staffs are more specialized. The old idea was that a good reporter could cover anything. I have said that myself many times. But I have decided it isn't true anymore.

**How did you go about covering the Washington beat in the early days?**

I covered the Department of Commerce carefully, and I covered the Federal Trade Commission and I covered the Chamber of Commerce of the United States like nobody's business. Chamber specialists had digested issues and trends in housing, insurance, banking, agriculture and other fields.

**Was it easier to get to news sources within the government in those days, Mr. Kiplinger?**

Much easier than now. I could see almost any Cabinet member at any time.

**How about the President?**

Well, I never cultivated any President, because I discovered that



you could get under obligation and it didn't do you any good. I was a friend of Mr. Hoover and I dropped him when he went to the White House because I didn't want to impose friendship on news. I was afraid he would give me news and then sew me up, so I couldn't print it.

I have always dropped personal friends as personal friends when they get into high office.

**Has the sheer growth of government, the bigness of it, had a lot to do with making Washington more difficult to cover?**

Bigness of government and bigness in the number of reporters. The other day I read that there are 10,000 reporters in this town.

In my day you could go in to see the President—six or eight reporters—or the Secretary of the Treasury, four or five of us.

**Does the growth of government worry you?**

Well, let's not talk about whether or not big government is worrisome. Let's talk prospects. The fact is that the government has grown; the fact is that government is growing. My judgment is that government will continue to grow. Whether that is desirable or undesirable is a kind of a moral and political question that I prefer to duck.

**But you do interpret the implications of growth of government for the businessman?**

Yes, and growth of government and growth of business regulation are, I think, inevitable.

**Will government ever shrink back?**

I don't think so.

Did we shrink back under Eisenhower? No. We just maintained a sort of a level.

**You say you don't get too close to government officials in terms of friendship. What about businessmen? Have you cultivated many friendships with businessmen?**

We like businessmen as sources. We don't always agree with them. We try to be as independent of them as we are of government officials.

Businessmen sometimes are pictured as greedy, selfish, out for the almighty dollar and doing anything for profit. That isn't true.

They have as much sense of public conscience as anybody else. I don't think they are paragons of virtue, but I don't think that the



*Willard Kiplinger began his Washington newsletter 43 years ago in this office in the Albee Building.*



## KEEPING AN EYE ON WASHINGTON *continued*

public image of businessmen is quite what it ought to be.

### Whose fault is that?

I don't know. I would say mainly the businessmen's.

"Gyp the customer." That was common at one time. Now it is not. It may be due to an improvement of morals or it may be due to the evolution of smartness. A good product is better business than a poor product. I think the improvement is a combination of both. For one thing, morals have improved, business morals. I would hate to get in a debate on that, but I think that is true.

Of course, businessmen themselves—their skills—have been upgraded. They are better educated; they are more professional. They have a greater sense of public welfare.

When you look back over the years, what were the most difficult times you had, the times of greatest challenge?

I would say the New Deal.

### Why was that?

Because all of a sudden there came to town Roosevelt and a reform spirit, and a new party. You remember the Democratic Party in those days was pretty spectacular; and NRA and the beginnings of the SEC. NRA was quite a force—loans, the Reconstruction Finance Corporation pouring out money. That was a spectacular phase of government financing of private business. Programs "for social good."

All of a sudden there was a severing circus in this town. Businessmen were appalled by it and they didn't like it, but they had to know about it. That was a time of spectacular growth of my *Washington Letter*.

But what made those days difficult for you? Was it because you had so much more to cover?

Yes, and also because I was dealing with readers who were essentially hostile to the New Deal. But I had to explain what was going on.

Do businessmen show more interest in getting your *Letter* when times are good or bad?

When times are stirring.

### Times of uncertainty?

Well, either that or excitement.

Example: The Eisenhower period was a low one for us. The Kennedy period was upward. Right now is awfully good.

### Why?

So much is going on and it is stirring and it is exciting, and it is uncertain. Businessmen want to know about it. Why do this or why do that, you see. Will this scheme for paying everybody a living wage out of government—What do they call it? Guaranteed annual income—should we take that seriously? These are the questions they ask.

Do you think we should take the guaranteed annual income seriously?

Yes. We should take it seriously as a possibility and a probability.

Then covering Washington has taught you not to discount the seemingly fantastic?

That is right.

Mr. Kiplinger, as an expert in gathering information, and having done it for so long, do you have any advice on how a businessman should go about gathering information?

I can't think of any canned advice. He certainly should keep up with the publications in his field of business or industry—or in his profession. Things are changing awfully fast.

Do you think we will have another recession in this country?

Yes.

When do you think it will come?

I don't know.

You don't see it in sight at this time?

No, we can't see it on the horizon, and how long does the horizon extend? It extends for about a year.

Is that your horizon generally?

Well, sometimes we stretch it.

Mr. Kiplinger, in view of the tremendous changes in communication, with television and all the rest, do you ever foresee the market for your printed materials shrinking?

I will meet that head-on and tell you that the proportion of the market we serve now as compared with that we served in the '20's and '30's has shrunk. We have grown, but we haven't grown as much as business interest, and I will tell you why:

In those early days, we had kind of a monopoly. Nowadays, the newspaper is better equipped, the newspaper writer is better trained, the columnists are. The news maga-

zines do a good job, not so much on business, but they do a good job. So we have more competition today than we had then.

I will just pick a figure out of the air.

Suppose we had 70 per cent of the business leaders of the United States in the 1920's. We don't have 70 per cent now.

Their reading time is being pulled away?

Yes, by competition. The press has improved in its coverage of business, and there you are. But we are not suffering; we are prospering.

Do you feel there will always be a tremendous interest on the part of the businessman in what is going on in this town and in what it means?

Yes, but new forms of competition will arise. We won't have things as much our own way as we had in those early days. Look at *The Wall Street Journal*. Look at how it has grown. You boys are doing all right, too.

Could you comment a bit about your philosophy as an employer?

Yes, I am proud of my record on that score. We share profits here. We share them more than anybody else. The ownership of the business is pretty much vested in me and my family and we didn't set out to be rich people, so we are not and so we share profits in two ways. We have cash on the barrel head at the end of the year—which may be six per cent of salary or it may be 15 per cent. Then on top of that, a put-away plan that is invested and that you get when you quit or get fired or retire or die.

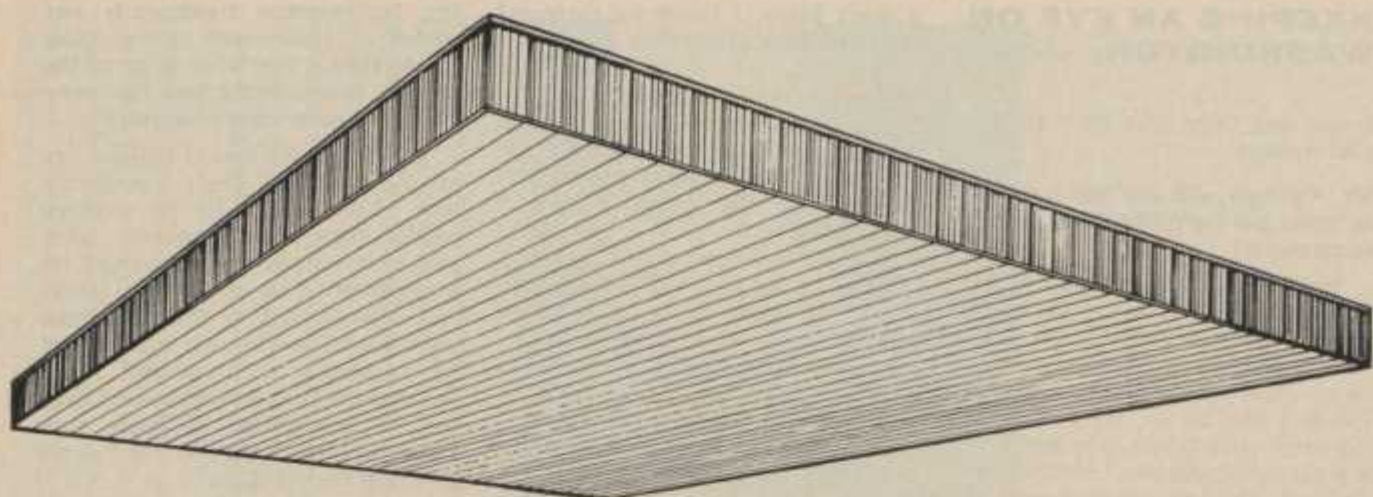
That runs into, in some cases, small fortunes. So I'm kind of proud of that.

And then of course we do try to administer our staff pretty well. I don't know, sometimes I think we do and sometimes not. We have a taut organization, not loose. The appearance may be loose, but we are tough on the individual. I think that is warranted.

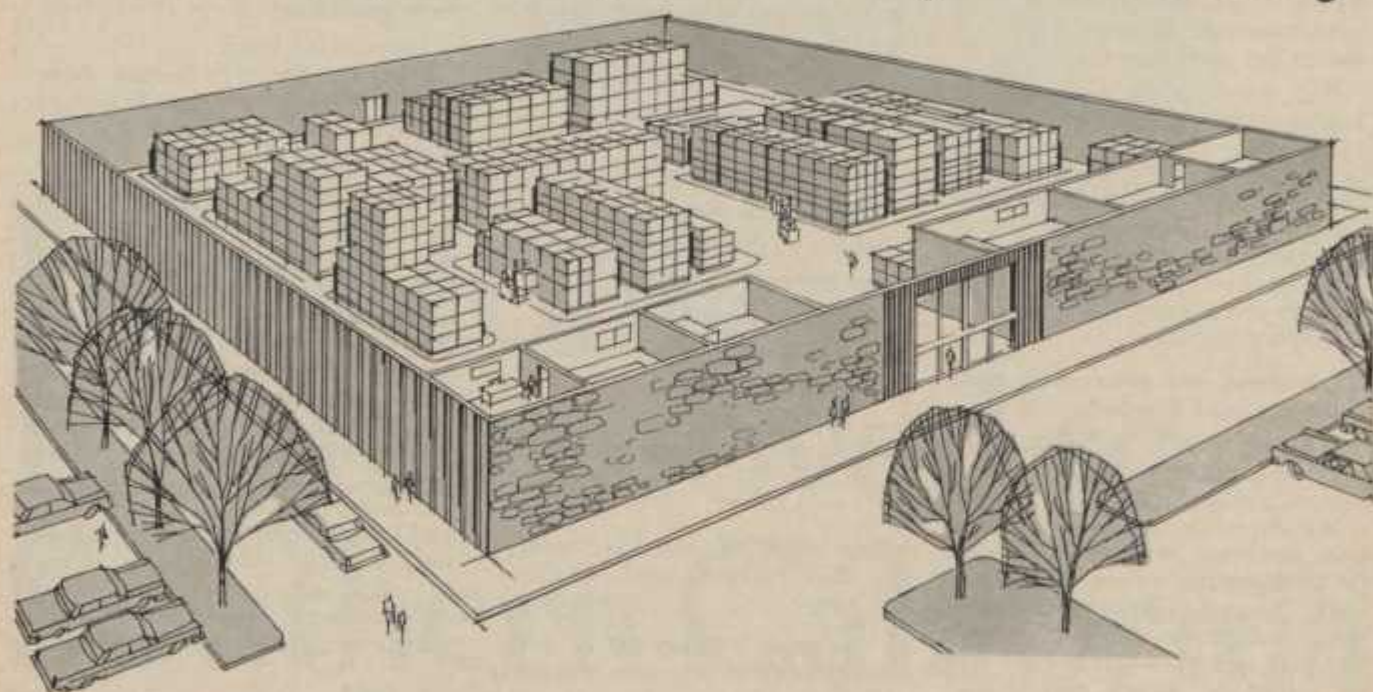
Is it true that you maintain a fishing lodge or vacation camp for your employees?

We have a place down on the St. Lucie River at Stuart, Fla. It was the Baruch brothers' estate. I bought it one time because it was such a bargain, and I didn't know what to do with it; so it is a vacation home. Anybody can go to it and spend two weeks. It is free, except they buy their own food. It is a great big old





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## KEEPING AN EYE ON WASHINGTON *continued*

house and they take their families and cousins.

**Mr. Kiplinger, did you find it difficult to make the transition from reporter to employer?**

Yes, I found it difficult as hell and I still haven't made the transition. I have decided I am not a very good administrator. All of these chores were put on me and I didn't like them. My son Austin Kiplinger has taken over and he is a good administrator. He runs the shebang a lot better than I ever did.

**You are in the business of making forecasts. What's your prediction of the top issues that business is going to be interested in three years from now, or five years from now?**

Well, I will bundle them together. The growing impact of government on business is a sure thing. You have to break that down into about 20 parts and I don't know whether I am smart enough on the spur of the moment to break it down or not. I don't believe I am. There will be a closer relationship between business and government.

**Are business and government going to become more friendly?**

No, they will be forced into the same bed, but they are not going to love each other.

We cover the corridors at business meetings very carefully, not the meetings themselves. Everybody says, "Damn LBJ, what the hell does he think he is doing? I don't like him. He thinks he is God, and he thinks he knows everything." But then we quiz them: "Would you change?"

"Oh, no, oh, no." Many of them are for him, but they don't like him. Now there you are.

**Do you anticipate more regulations, more national plans for the economy?**

Yes, more regulation and more national directing of business are in the cards.

**Like wage-price guidelines?**

Yes, although I don't think they are effective.

But let's take the raising or lowering of taxes. Most of that is Keynesian. That is very important, and whether to raise taxes right now, you see, that is part of the government regulation of the economy. The Federal Reserve Board tightening money; what are we going to do about the trade balance?

I don't know, I think we managed that for quite a long time.

Inflation. All of the public talk is that we are going to control inflation. But control it how? Keep it from going up steeply? Yes. We will keep it from going up steeply. But we are not going to keep it from going up a good deal. What you might call creeping or crawling. This calendar year will show an increase in living costs of three or four per cent. Now that is inflation. Inflation is kind of a difficult word. People talk of inflation as if it were German inflation, or Brazilian inflation. No, we won't have that. But the trend means we will have to raise pay, wages, salaries, pensions, social security and prices.

Are we going to let the old people suffer from higher prices? No, we will raise their benefits. We will

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For a penetrating Washington forecast which businessmen rely on for the real meaning behind current trends, see Washington: A Look Ahead page 7

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inflate all along the line. And I say that without much qualification.

**Do you think inflation will be a significant factor in this fall's elections?**

No, because people really like inflation. They say they don't. You know, inflation is a good deal like intoxication; you are always against it, but you love it.

**What will happen in the election itself?**

Democrats will lose seats in the House. I don't know how many. Forty, I think.

The Democrats will lose enough so that Congress in the next two years is not going to be just under LBJ's thumb.

**What about '68? Who will be the nominees?**

I'd guess Lyndon Johnson will be the Democratic nominee; Nixon will be the Republican.

The Democrats will be thrown out again, but I don't know when; the time is not in sight.

The businessman traditionally has chafed at government control. Can you foresee a time when most of the general public might feel the same way about government controls?

Yes, I can. Unions, I believe, are at the peak of their popularity now. You find a lot of working people gripe about seniority rules and that unions are supported by government, a tie-up between union and government. I think unions have got to go through a period of reorganization of aims, and I am not anti-union, you understand. My readers accuse me of being pro-union, in fact. I am not, but I don't rave and tear at them.

**In your long career, what do you feel you learned that added to your success? What things helped to move you along?**

Damned if I know.

I believe the only honest thing I can tell you is that I always wanted to be a reporter. I didn't want to be anything else.

**Do you consider yourself just plain curious about a lot of things?**

I don't know. But it has been a swell life, being a reporter. You get to go around and stick your nose into everybody's business and go here and there, and get paid for it. Oh, I think it is wonderful. I tell my fellows, "You are all spoiled. We pay you, but you ought to pay us."

I really feel that way about it, and I think reporting is the greatest work there is. Who says so? I say so.

There were years when I didn't make a good living, but I stuck with it.

**Does it help to have a sense of humor when you look at Washington and what is going on here?**

It helps to have a sense of humor anywhere. It gives you mental balance. It keeps you from getting tense. You know, our college students are terribly intense these days. If they had more of a sense of humor they would know a lot of things they don't know. But I don't want to attack college students because I don't want bees flying around my head. **END**

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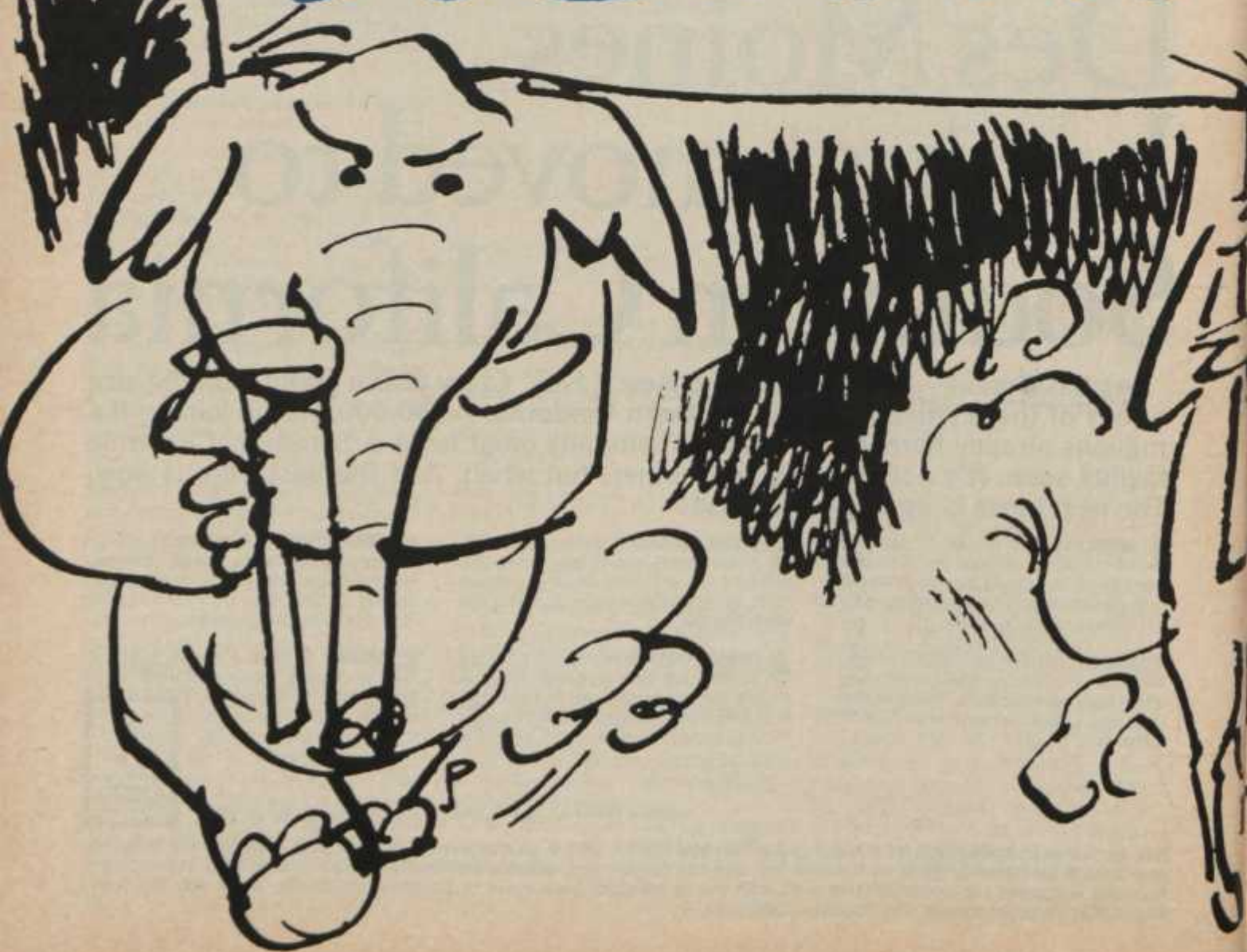
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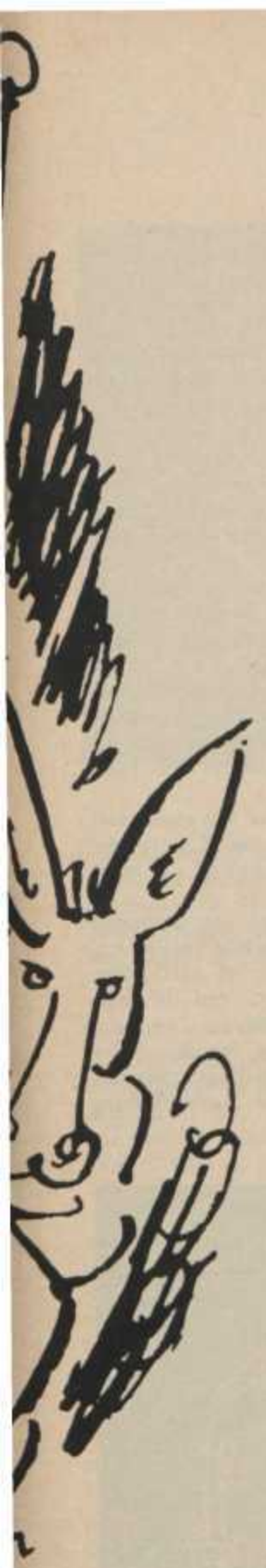
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# NOW HEAR THIS

New technique will make  
you a much better listener

So you think you're a good listener.

Most people do. But most people are wrong. Studies show they really absorb only a scant 30 per cent of what they hear.

The average businessman would explode if he discovered a rate of efficiency this low in any of his other operations. Yet listening is one of the executive's most important functions. Seventy per cent of his normal working day is spent communicating with other people, and 45 per cent or more of that time is devoted to listening, on the average.

Few people, however, have been trained to listen. Childhood education concentrates on reading and writing. These must be taught, since they do not develop naturally. And practice in proper speaking also comes with schooling. Listening is the neglected stepchild.

As a result, researchers find, people develop bad listening habits which prevent their really taking in much of what is said to them. This is as much a handicap to a top-level executive in a conference or negotiating session as it is to a salesman trying to overcome a potential customer's reluctance to buy.

A course of programed instruction developed by Basic Systems, Inc. of New York City, a subsidiary of the Xerox Corp., has shown that listening efficiency can be sharply boosted by training. Put together initially for Charles Pfizer & Co., Inc., the course has been taken by more than 100,000 people in about 200 companies during the past three years. Tests before and after the two and a half hours of taped instruction indicate that listening efficiency is usually more than doubled.

One businessman who has taken the course, Philip Lifschultz, assistant corporate controller of Montgomery Ward & Co., Inc., points out a particular value to the executive:

"In working with ideas which are essentially abstract—in planning, for example—a thought brought out in discussion, if picked up by a good listener, may prove to be the seed of a big idea.

"In my own case, on several occasions a casual discussion—which, on the surface, seemed irrelevant—served as stimulation for ideas which either initiated or implemented major tax programs for the company.

"This sort of discussion can occur anywhere and any time. Good listening is not just a part-time thing, like turning a water tap on and off. It must become almost a way of life."

"Listening effectively may not get you promoted to the top job, but it certainly makes any job easier," says Dr. Stuart Margulies, director of curriculum development for Basic Systems, Inc., and the man who put the listening program together.

Lectures on how to be a better listener suffer the fundamental disadvantage that students may not listen to them carefully enough. The Basic Systems



Constantly analyze





Don't tune out  
the unpleasant

course is aimed at actually changing the student's pattern of listening by requiring regular written or oral responses. It draws on some of the principles of better listening laid down by such authorities as Prof. Ralph G. Nichols of the University of Minnesota.

#### **Problem—you think too fast**

The key to poor listening—and also to effective listening—lies in the fact that people can think much faster than they can talk. Most Americans speak at a rate of about 125 words per minute. We are able to think at least four times that fast, however.

Impatient with the plodding rate of the spoken word, the mind tends to think about other things while devoting only a fraction of its capacity to taking in what is being said. A manager at a morning staff meeting, for example, may find himself outlining his afternoon schedule or making plans for a weekend fishing trip. As these irrelevancies intrude more and more into his thoughts, he may suddenly discover that he has lost track of what is going on at the meeting.

#### **How the mind is sidetracked**

Emotion also enters into the problem. If the listener hears some of his fondly-held beliefs attacked by the speaker, his mind is likely to use its unoccupied time to draw up arguments against the speaker's position. Since the set of ideas supporting the listener's own beliefs are more pleasant and comfortable, the distasteful ideas of the speaker may get tuned out.

The opposite situation can also produce poor listening. If the speaker's ideas seem to coincide with

those of the listener, the brain will begin to wander ahead, anticipating what it expects the speaker to say. Any real differences between the speaker's ideas and those of the listener are likely to be overlooked.

Put this idle mental capacity to work on the speaker's message, however, and you can become a much more efficient listener. This is what the Basic Systems program teaches in a carefully planned series of situations and responses.

"The key to effective listening is to use this excess capacity of the mind to constantly analyze what is being said," says Dr. Margulies, who is a psychologist. "You must pick out the main points, decide what is relevant to them and what isn't, and look ahead to see where the speaker is going."

The good listener learns to put this extra mental capacity to work. As he spots the major points made by the speaker, he catalogs them and adds supporting points as they are brought up. This may require some mental shuffling and reshuffling, for people often do not present spoken information in neatly outlined form. A colleague discussing a particular proposal, for example, may cite several of its merits, then list a few disadvantages and finally add another point in its favor. You must sort these out and review them in your mind from time to time. Picking out a key word from each point will help fix it in the mind.

You also must analyze each new bit of information to determine whether it is relevant to the main burden of the discussion or simply extraneous matter thrown in. Speakers may go off on tangents or add illustrations intended to support points already made.

It is helpful to weigh what is being said. Does this square with what you already know and with what the speaker has been saying?

Thinking ahead will boost your attention. What is the speaker getting at? Trying to guess what he is leading up to and then checking this against what he actually says will help avoid the pitfall of failing to listen carefully because you feel you know what is coming next.

Listening for what isn't said can be profitable. Is the speaker skirting an obvious point or leaving an argument dangling? Is he omitting information which would be helpful in understanding whatever he is discussing?

Assessing how the speaker's own emotional commitment influences what he says and doesn't say can be valuable. Is he presenting an accurate picture? Is he omitting or distorting facts in order to bolster his personal opinions?

In the Basic Systems course the listener learns by doing. You listen to a tape which contains a series of 59 statements on a variety of subjects. Some are made by men, some by women. Heavy accents and background noises occasionally are thrown in to distract the listener. Many of the speakers ramble from point to point, bringing in



## NOW HEAR THIS

*continued*



Weigh what you hear  
against what you know

information which is not really pertinent to their main ideas.

### Training you to listen

At the end of each statement, you either write the speaker's main points in a response booklet or sum them up orally. This is done immediately. You then check your answer against a correct summary. The statements build up gradually in length, complexity and in density of irrelevant material. So does your ability to handle them.

One of the later statements, for example is:

"We certainly are considering the purchase of a helicopter to be used in transporting our executive staff. But several problems remain before any decisions are made. Before we make a decision we like to weigh all the pros and cons, to take a look at all the problems which may arise. You know owning a helicopter isn't all milk and honey. We are quite concerned about the maintenance cost of those vehicles. Or do you call them vehicles? Maybe 'craft' would be a better word. We are also concerned about the damages in an accident. If the helicopter is conveniently available to our staff, one day we might suddenly find we've lost all of our key personnel. Do we want to risk a helicopter accident which can be so dangerous? The cost of hiring a special pilot is not to be lightly discounted either. These pilots may be pretty hard to come by, because they mostly used conventional aircraft in World War II. And judging from pilot descriptions, I've noted many pilots received their training in that war. Funny how wars tend to do a lot of good in the midst of tragedy and brutality. I'd probably still be commuting to Washington by rail if not for that war."

By this time, you have learned to screen out the

irrelevancies and hold the main points in your mind. You write something along these lines:

"Objections to helicopter purchase:

- "1. Maintenance cost.
- "2. Accident.
- "3. Cost of special pilot."

You're on the road to becoming a good listener.

### Points to remember

You're learning the basic principles:

- Constantly analyzing what is being said.
- Screening out the irrelevant.
- Categorizing the important points.
- Weighing what is said against what you know.
- Looking ahead to see where the speaker is going.

Executives who have taken the course find that, in most cases, it has made a significant change in their listening habits.

"Both consciously and subconsciously I'm doing a better job of listening and sorting out the facts presented," says William F. Murray, senior vice president of Chicago's Harris Trust & Savings Bank.

John H. Frank, executive vice president of Manpower, Inc., of Milwaukee, says: "I don't consciously think about the course, but I believe you learn automatically to do what it says. It has been especially useful in conferences and conversations where you can't take notes. I remember the main points and jot them down later."

"It helps you separate the wheat from the chaff a lot quicker," according to James R. Reynolds, executive vice president of the Midwest Employers Council of Omaha. "I believe my retention rate is higher now than it was just after I took the course last October."

Guy O. Mabry, vice president in charge of field sales for the Owens-Corning Fiberglas Corp. of Toledo, says: "It has helped me get to the core of a person's problem by eliminating the emotional factors and minutiae."

"A major block to listening is the tendency to reject what we disagree with," points out William E. Winsor, supervisor of sales training for the Diamond Alkali Co. of Cleveland. "The program teaches a person to listen to statements even though they may be unpleasant or untrue. This skill is critical for salesmen who must capture statements that are objections by their customers."

Staff members of Basic Systems, Inc., have found that in many cases high rank is a good indication that a man will prove to be a relatively efficient listener even before taking the course. There have been exceptions, however.

One executive of a large corporation did well with the taped statements made by men but remembered almost nothing of those spoken by women. When his attention was called to this, he had a simple explanation:

"I tuned out my wife long ago."

END

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## JUST AHEAD: STRIKE THREATS

*continued from page 66*

America have contracts ending next month covering 61,800 telephone workers in Washington, D.C., Michigan, Maryland, Ohio and the interstate Northwest Bell Telephone Co. Terms reached with them should set the pace for an additional 217,100 CWA telephone workers over most of the country. Their contracts run out between October, 1966, and the end of March, 1967.

The CWA has flatly turned down any attempt to keep its wage and fringe demands anywhere close to President Johnson's 3.2 per cent guideline.

"I fear we are faced with a more complex, a more difficult—and yes, perhaps a more dangerous—collective bargaining course than we have experienced in many, many years," CWA's speech-loving President Joseph A. Beirne predicts.

In addition to bargaining for fat wage increases, CWA wants full company-paid hospitalization, surgical and major medical coverage, more liberal pensions and four weeks of vacation to start after 20 years instead of the present 25 years.

CWA also wants the Bell System, which has been paying 60 per cent of its employees' life insurance premiums, to pick up the full tab.

The Electrical Workers (IBEW) have contracts expiring in October 1966 for 11,200 employees of the Illinois Bell Telephone Co.'s plant department and in March, 1967, for 7,800 employees of the traffic department of Bell Telephone Co. of Pennsylvania.

Also, 35,100 telephone workers covered by three independent unions in Pennsylvania and New England have contracts that will end in October 1966.

They will probably use the CWA September terms as a guide to what they demand. The same is true of the 13,400 members of the independent Telephone Traffic Union whose contract with the New York Telephone Co.'s downstate traffic department will end in March 1967.

**CONSTRUCTION**—This industry, which pays the highest of all average hourly earnings, has been watched closely by the Administration which is seeking a "stabilization formula" for major construction wage settlements.

Labor Secretary Willard Wirtz has been working on plans to "sta-

bilize employment" in construction by seeking smaller pay gains spread out over longer periods in hopes of bringing them down a little closer to the federal guideline level.

He proposes to examine the "complete economics" of major construction contracts, including wages, productivity, hours of work and comparisons with agreements in other states.

Confronting him will be contracts ending in March between 9,000 Hod Carriers and the New England Road Builders Assn. and the Massachusetts Labor Relations Division. Also that month, 10,000 members of the Painters Union in Chicago have contracts ending with the Painting and Decorating Contractors Assn.

In April the scene shifts to Ohio where agreements end for 8,000 Carpenters Union members, mostly in the Cleveland area, 9,000 Hod Carriers and 12,000 Operating Engineers.

In May the Chicago area faces major contract terminations for 30,000 Hod Carriers, 29,000 Carpenters and 8,000 Plumbers. Meanwhile, contracts end between the Master Builders Assn. of Western Pennsylvania, Inc., and 5,000 Carpenters Union members and 5,000 Hod Carriers.

Also in May, agreements end for 5,500 Operating Engineers in Oregon and Washington State and 9,000 Bricklayers Union members in New York.

The next major construction contracts run out in December, 1967. They cover 10,000 Hod Carriers in upstate New York and 6,300 Hod Carriers in Washington State. Also in December, a contract ends between the National Elevator Manufacturing Industry, Inc., and 12,000 Elevator Constructors Union members.

**RAILROADS**—All major rail unions will be negotiating during the next 17 months.

The open-end contracts that the unions hold make strike threats in this industry a constant worry, but next spring is viewed as the real crisis period.

Wage demands range from an 18 per cent across-the-board increase by the Railway Clerks to a 33 per cent increase by the Engineers. All railway unions want to reinstate a cost of living clause which they had between 1951 and 1954 but dropped fearing a recession.

A ban ended on July 12 against negotiations on wages and major fringe benefits for train service em-

ployees (brakemen, conductors, trainmen and switchmen) and on major fringes for engine service employees (firemen and engineers).

Wage negotiations for engine service employees cannot be taken up before next Jan. 1, which is also the expiration date on the moratorium on wage and major fringe negotiations for nonoperating employees.

Efforts to merge the unions representing firemen, conductors and switchmen are mainly aimed at reducing interunion raiding for members, but they might also give the unions a tougher bargaining front.

**MACHINERY**—The Auto Workers have major agreements that expire in the fall of 1967 with the production and maintenance departments of International Harvester Co., Deere & Co., the Caterpillar Tractor Co., Allis-Chalmers Manufacturing Co. and the Detroit Tooling Assn. The contracts cover 78,700 employees.

An official at International Harvester Co., which accounts for 35,000 of the employees, privately predicts a strike.

At the same time, the Electrical Workers (IUE) have contracts coming to an end for 30,500 employees at General Motors Corp. and the Whirlpool Corp.'s Evansville, Ind., Division.

In August, 1967, the National Cash Register Co.'s contract ends with 13,000 members of the National Cash Register Employees Independent Union.

## TRUCKING AND WAREHOUSING

—The period from January through August, 1967, will be fraught with terminations of contracts with the Teamsters. The first big expiration will be the New England Freight Agreement which covers 16,000 Teamsters.

Teamsters boss James R. Hoffa, fortified with newly given powers to tell his locals what should be in their contracts, says he will draw up a list of nationwide bargaining demands in November. He adds that the list is sure to be tailored to take advantage of recent rulings by the National Labor Relations Board and to include demands for still greater increases in welfare provisions, especially pensions, and "a substantial wage increase."

Hoffa predicts more violence ahead in collective bargaining across the land.

In March contracts end for 190,900 Teamsters in the central states,



## JUST AHEAD: STRIKE THREATS *continued*

66,000 in western states, 19,000 in the Southeast, 18,000 in New York State and an additional 156,000 covered by nationwide agreements.

In May the central and western portions of the National Master Automobile Transportation Agreement ends, with 11,500 Teamsters affected. In July contracts end for 6,500 Teamsters in New York and New Jersey, and in August another 17,500 Teamsters face the end of the Northern New Jersey General Trucking Agreement.

November will see another central states contract end with 5,000 Teamsters.

**FOOD PRODUCTS**—The Teamsters have a contract ending next February covering 50,000 employees of the California Processors and Growers, Inc.; in March with 10,000 employees of the Dairy Industry Industrial Relations Assn. and 5,000 employees of the Dried Fruit Industry; and in May with 6,000 employees of the California Brewers Assn.

In August, 1967, the Packinghouse Workers, Meat Cutters and the National Brotherhood of Packinghouse and Dairy Workers have agreements ending with Armour and Co., John Morrell & Co., Swift & Co. and Wilson & Co., Inc. Some 46,300 employees are covered by these contracts.

**APPAREL**—In December, 1966, 6,000 International Ladies Garment Workers have contracts ending with Eastern region juvenile clothing makers. This should set the pace for terms for next May when ILGWU agreements end with the New York Coat & Suit Manufacturers (40,000 employees), the National Skirt and Sportswear Association, Inc. (15,000 employees), various California coat and suit makers (5,000 employees) and an interstate group of infants' and children's clothing makers (9,500 employees).

In August, 1967, an ILGWU contract covering 6,000 employees ends with the Pleaters, Stitchers and Embroiderers Assn., Inc., in New York City.

The average wage increase in men's and boys' apparel in 1965 was 12.5 cents, and the average deferred increase for 1966 was 10 cents.

**LOCAL TRANSIT**—Contract negotiations are expected to begin

formally this fall for 5,300 Transport Workers and the Philadelphia Transportation Co. or its successor. Their present agreement ends in January.

TWU wants to boost the top hourly rate for Philadelphia bus drivers from \$2.96 to the \$3.73 handed to New York City drivers.

TWU also will push for more liberal vacation allowances, holiday pay, uniform allowances, retirement plans, sick benefits and hospital and medical care.

The contract between 5,250 Transport Workers and the Manhattan and Bronx Surface Transit Operating Authority runs out again in December, 1967.

The agreement signed last June between 24,000 taxi drivers and garagemen in New York City comes to an end in November, 1967. It was agreed to by labor and management in 80 garages after a five-day strike and mediation by Mayor John Lindsay.

**FINANCE, INSURANCE AND REAL ESTATE**—In April the contract ends between the Realty Advisory Board on Labor Relations, Apartment Buildings (New York City) and 20,000 Building Service Employees. In September, 1967, the agreement ends between the Prudential Insurance Co. of America and 17,000 Insurance Workers members.

**HOTELS AND RESTAURANTS**—At its convention in St. Louis this spring, the Hotel & Restaurant Employees & Bartenders International Union resolved to lift wage scales from present "bargain basement rates" to rates approximating the "city worker's family budget."

Currently, the union claims that this would amount to about \$3 an hour to meet needs of an urban family of four.

Contracts expire next month between hotel owners in Chicago and Washington, D.C., and 13,200 members of the Hotel & Restaurant Employees. In March contracts end for 16,300 employees of resort hotels in Southern California and Las Vegas, Nev.

In May an agreement expires for 32,000 members of the New York Hotel Association of New York City, Inc.

**PAPER**—The Pacific Coast Assn. of Pulp and Paper Manufacturers, which was struck last time before signing a 29-month contract with the Association of Western Pulp and Paper Workers, faces another

strike deadline in March. Some 21,500 employees are affected.

In May contracts with the International Paper Co.'s Southern Kraft Division end for 13,000 members of the Papermakers and Paperworkers, the Pulp and Sulphite Workers and the Electrical Workers (IBEW).

**RUBBER**—In April contracts expire for 71,400 Rubber Workers' members at United States Rubber Co., Goodyear Tire and Rubber Co., Firestone Tire and Rubber Co. and B.F. Goodrich Co. Terms in the Big Four contracts will also be extended to the 8,500 Rubber Workers' members employed by the family-owned Gates Rubber Co., whose main plant is in Denver.

In the following September, the agreement ends between another 5,700 Rubber Workers and General Motors' Inland Manufacturing Division at Dayton, Ohio.

**AIRCRAFT**—Thompson-Ramo-Wooldridge, Inc., has a contract ending next May with 5,000 members of the Aircraft Workers Alliance, Inc. In June the Boeing Co. contract with 7,500 members of the Seattle Professional Engineering Employees Association ends.

**ORDNANCE AND ACCESSORIES**—An agreement ends next November between 9,000 Auto Workers and the Martin-Marietta Corp.'s Martin Co. Division in Denver, Baltimore and Orlando, Fla.

**CONTROLLING INSTRUMENTS**—A contract ends next June between Sperry Rand Corp.'s Sperry Gyroscope Division and 5,600 production, maintenance and salaried workers in the Great Neck, N.Y., area, represented by the Electrical Workers (IUE).

**PETROLEUM**—Atlantic Refining Co. and 7,000 members of the Atlantic Independent Union reach the end of their current contract next March. The gross hourly earnings in the petroleum industry is second only to those in the construction industry.

**PRINTING AND PUBLISHING**—The Printing Industries of Metropolitan New York, Inc., Printers League Section, has an agreement that expires in March with 5,000 members of New York Typographical Union No. 6.

The present contract was signed last November, 10 days ahead of the expiration date of the previous



contract. That was the first time in the 59-year relationship between the two groups that a settlement had been reached before the contract ended. This was largely because the new wage rates and benefits went into effect immediately upon signing, without waiting for the expiration of the old contract.

**TEXTILES**—Next October the Plain Dye and Machine Print Agreement ends for 8,500 members of the Textile Workers Union. In July a contract ends between the United Knitwear Manufacturers League, Inc., of New York City and 10,000 members of the ILGWU.

**LEATHER AND LEATHER PRODUCTS**—The International Shoe Co.'s contract with 13,000 members of the Boot and Shoe Workers and the United Shoe Workers ends next month. Brown Shoe Co. has a contract with 10,500 members of the same unions that expires next October.

In January 7,500 members of the United Shoe Workers face a strike deadline with Massachusetts Shoe.

**AIRLINES**—A contract between Pan-American World Airways, Inc. and 6,000 members of the Railway and Steamship Clerks runs out in March.

**PERSONAL SERVICES**—A master contract ends next November for 16,000 Clothing Workers in the New York metropolitan area.

**WHOLESALE AND RETAIL TRADE**—Contracts end for the First National Stores, Inc., in the New England area, and 12,000 Meat Cutters in November.

Contracts end in July for 15,000 Retail Clerks with the Philadelphia Food Store Employers Labor Council for stores in Pennsylvania, New York and Delaware.

In October, 1967, 10,000 Meat Cutters have agreements ending with food stores in the Chicago area. The next month, some 18,000 Retail Clerks end contracts with food retailers in the Chicago area.

**TOY MAKERS**—Next June a contract ends between the National Association of Doll Manufacturers, Inc., in New York City and 10,000 Toy Workers.

**TOBACCO MANUFACTURERS**—Contracts between the American Tobacco Co., Inc. and 5,000 members of the Tobacco Workers end in December, 1967. **END**

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# WHAT THE COMPUTERS WILL BE TELLING YOU

BY PETER F. DRUCKER

An incisive look at how your business will change if you make the most of the machines



There are still a good many businessmen around who have little use for, and less interest in, the computer. There are also still quite a few who believe that the computer somehow, someday will replace man or become his master.

Others, however, realize by now that the computer, while powerful, is only a tool and is neither going to replace man nor control him. Being a tool, it has limitations as well as capabilities.

The trick lies in knowing both what it can do and what it cannot do. Without such knowledge, the executive can find himself in real trouble in the computer age.

The computer is transforming the way businesses operate and is creating problems as well as opportunities. For example:

- The mistakes you make are more likely to be whoppers.
- You will have much more flexi-

bility in how your business is set up.

- You will need to have alternative courses of action planned in advance.
- Eventually we will use computer centers as we now plug into public utilities.
- We will be able to control manufacturing processes more through direct observation.
- Someday we will have little need for computer programmers.

Mankind has developed two kinds of tools. Tools which do something man himself cannot do, such as the saw. The saw, the wheel, the airplane all are tools that add to man a new dimension of capability.

The other kind of tool is one that does much better what man can do himself. The hammer belongs here and the pliers. And so does the computer. These are the tools that multiply man's capacity. They do not enable him to do something he could not do before, but to do it better, faster and more reliably.

The computer is a logic machine. All it can do is add and subtract. This, however, it can do at very great speed. And since all operations of mathematics and logic are extensions of addition and subtraction, the computer can perform all mathematical and logical operations by just adding and subtracting very

fast, very many times. And because it is inanimate, it does not get tired. It does not forget. It does not draw overtime. It can work 24 hours a day.

Finally, it can store information capable of being handled through addition and subtraction, theoretically without limits.

#### Five basic computer skills

What, then, can the computer do, for the businessman? There are basically five major tasks it can perform.

1. The computer, as a mechanical clerk, can handle large masses of repetitive, but simple, paper work: Payroll, billing and so on. All this application really uses is the speed of the computer.

2. The computer can collect, process, store, analyze and present information at dazzling speeds.

So far, however, business has used only a small part of this capacity. We use the computer to collect, store and present data. Very little use is yet made of the computer's capacity to analyze information. The computer can, if properly instructed, compare the data it receives against the data it had been told to expect—for instance, budget figures. It can immediately spot any difference

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PETER F. DRUCKER, who wrote this article after extensive study of the subject, is one of the world's foremost authorities on business problems and their solutions. He has written frequently for *NATION'S BUSINESS* and is the author of many books, including "The Practice of Management," "Landmarks of Tomorrow" and "Managing for Results." His latest book, "The Effective Executive," will be out early next year.

The computer can be a valuable member of your management team—if you use him right. What he can do, he does quickly and well. He not only adds and analyzes figures, but can convert them into graphics and even design.







Don't expect your electronic teammate to make your decisions for you. That's one thing he can't do.





between the two sets of data and alert management. It can do even more than that. It can analyze data against an expected pattern, and detect any significant deviation.

One business application, for instance, is the analysis of sales data to pinpoint a meaningful and important market segment.

Do physicians in the suburbs use the same prescription drugs as physicians in small towns, or are suburban physicians a distinct market segment? And do medical specialists—the pediatricians, for example, as against the internists—prescribe differently? Are they a specific market segment?

Or what about old doctors versus young ones?

Somebody has to think up the questions. But once the computer has been instructed, it can almost immediately analyze actual prescriptions written by physicians and come up with the answers.

#### **Get the right facts**

What this means is that managers must carefully think through what

information it is that they need.

The first step towards using the computer properly is to ask this question: How do we use it to make available the minimum of data, but the right data? What data is relevant for the sales manager, the factory superintendent, the salesmen, the research director, the cost accountant or top management?

The computer's capacity to provide people with information they need, in the form they need it and at the time they need it is the great versatility of the tool. So far it is not used too well by most businesses.

Most companies, in deciding on capital investment, still look at only one kind of analysis:

- Expected return on the investment.
- The number of years it is likely

It won't be long before you won't need a programmer to serve as interpreter when you ask your computer for information. You'll be able to talk to him in something like everyday language, and he'll be able to talk right back.

to take before the investment repays itself.

- Or present value of the anticipated future earnings, the so-called discounted cash flow.

Accountants argue hotly about the advantages of each of these methods. Actually they are all valid and all needed. Hitherto, management had to be content with one because it was simply too much work to get all three. This is no longer true. Management can now ask to have capital investments calculated in all three ways by the computer—then look at all three and see which tells the most.

In other words, management has to make the information capacity of the computer fully productive.

3. The computer can also help design physical structures.

Program into the computer all the



## WHAT COMPUTERS WILL TELL *continued*

factors that go into building a highway, plus the basic features of the country across which it is to be built. The computer can then work out very rapidly where the highway should go to take full advantage of the physical and economic characteristics of the terrain.

Here the great capacity of the computer to handle large masses of variables quickly comes into play. Here also its ability to convert graphics into numbers and numbers into graphics is of great importance.

This ability to work out physical design will find its greatest application in the physical sciences where there are clear, known predictable occurrences—that is, natural events. Social events are at best probable, never certain. Therefore, this physical design capacity is a tool of engineering, of chemistry or physics, rather than of business.

4. The computer has the capacity to restore a process to preset conditions, to "control" a process, and this application is highly relevant to business operations.

For instance, if the computer has been programed for a desired level of inventory and for the factors that determine inventory levels (sales volume, volume of shipments, volume of stock, etc.), it can control inventory. It can tell you when your stock of certain items should be renewed. It can order goods to be assembled for shipping to a customer. It can even actuate machinery bins and put the goods together into one shipping order.

It can do the same for all processes for which we can set the desired level.

This is what people mean when they talk of the computer's making "operating decisions." But this is a gross misnomer. The computer does not make any decisions. It simply carries out orders. The decision has to be made first, and the computer told what to do.

### **But only an order-taker**

What the computer can do is serve as a monitor and immediately notice any change between the expected and actual course of events. It can then report what it has noticed.

We can go one step further and tell the computer how to react to a given event. The computer can then carry out our orders. It can shut down a machine or speed it up. It can close a valve or open

it, thereby changing mixtures. It can print out a purchase order or a shipping order.

It can carry out whatever order we first put into it.

5. Finally, the computer can, and will, play an increasing role in strategic business decision-making—deciding what course of action to take. Here we no longer deal with restoring a process to a predetermined level. We are talking about decisions to change the process.

What the computer can do here is simulate. It can rapidly work out what would happen if certain things were done under certain assumed conditions. It cannot determine what things might be done. And it cannot determine the assumptions. Both have to be determined for it.

But it can tell you, for instance, that the introduction of a new product at a given price and given cost would be justified only if you could assume a certain volume of sales.

### **Setting prices, predicting markets**

It can tell you that a new product at a certain price and with a certain volume of sales would have to cost no more than a certain amount to be economical.

It can tell you what market you have to assume for a new product to have a chance of success.

It can also tell executives what assumptions management has made, consciously or subconsciously, when it reaches a decision. If we build a new plant with a certain capacity, for instance, how much must it be able to sell, for how long and at what price to earn a given return on the investment?

Simulation has largely been used for events which are predictable and occur regularly.

So far, no one has successfully simulated a major strategic business decision. Such a decision involves future social, political and economic events for which there are no known predictabilities and laws. Thus, strategic business decisions will remain risk-taking decisions. But the computer will soon be able to point out what we assume when we make this or that decision and what decision follows logically from this or that assumption. This applies particularly for recurrent business decisions, such as introduction of new products, pricing decisions and the simpler kinds of capital investment.

The use of the computer as a tool in strategic decision-making is perhaps our most exciting possibility.

ty. For it means that business managers will have to learn to think systematically about strategic decisions, and learn how to find and analyze alternatives of strategy.

### **What the computer can't digest**

However, the computer can't handle all information. It can accept only information capable of being quantified and dealt with logically. This is only a part of the information necessary in the business world.

The information most important to a businessman is not capable of being quantified. It can only be perceived. This is information about something that is about to happen, information about a change in the trend.

This becomes particularly critical in events outside your business, events in the economy, the market, in society. Here what matters is the new, the unique, the event that signals a change.

The computer cannot bring outside events, by and large, to the attention of management. Therefore, management must realize this limitation of the computer. It is above all a tool for controlling events within the business.

However, it is only on the outside that a business has results. Inside a business there are only costs. Only a customer converts the efforts of a business into value, revenues and profits.

This all means, indeed, that the computer can become a terrific obstacle. If the tremendous amount of inside information the computer makes available causes management to neglect to look outside—or become contemptuous of the messy, imprecise, unreliable data outside—then management will end up on the scrap heap.

On the other hand, the computer can enable businessmen to devote a good deal more time to looking at the outside and studying it than they can now.

As a result of the computer, there will be fewer and fewer small decisions and fewer and fewer small mistakes. The computer will make small decisions into big decisions. And if they are made wrongly, the mistakes will be pretty big ones.

It is simply not true that the computer will eliminate middle managers. On the contrary, the computer will force middle managers to learn to make decisions.

A regional sales manager today makes his inventory and shipping decisions on an *ad hoc* basis. They are not really decisions, but adap-



tations. But he also does not run much of a risk. Each decision stands by itself and usually can be easily reversed.

But to enable the computer to control inventory, a decision has to be made and the decision has to be thought through. It is neither easy nor riskless.

On the contrary, it implies very major decisions with impact on the entire business, including customer service, production schedules and money tied up in inventory. You have to think through whether you can afford to give all customers 24-hour service on all products. This usually means an absolutely impossible inventory and a totally chaotic production schedule.

If you can't afford that, do you give this kind of service only to good customers? And how do you define a good customer?

And do you give this service to all your products, or only the major products?

And again, what is a major product?

These are not easy decisions. Until recently there was no need to tackle them. Each specific case was handled as a unique event. If a customer didn't like the way he was treated and squawked, one treated him differently the next time.

But as far as the computer is concerned, inventory and shipping instructions have to be based on a fundamental policy: They have to be decided on principle. And this goes for all other so-called operating decisions.

They all become true decisions. Otherwise, one cannot instruct the computer to execute them.

#### **Making better middle managers**

The greatest weakness of business at present is the fact that middle managers, by and large, are not being trained and tested in risk-taking decisions. Hence, when moved into top management, middle managers suddenly find themselves up against decisions they have not been exposed to before. This is the major reason why so many fail when they reach the top.

The computer will force us to develop managers who are trained and tested in making the strategic decisions which determine business success or failure.

I doubt that the computer will much reduce the number of middle management jobs. Instead the computer is restructuring these jobs, enabling us to organize work where it logically belongs and to free middle

managers for more important duties.

For instance, by tradition a district sales manager had three jobs.

He was expected to train and lead a sales force. This was his main job—on paper. In reality he gave very little time to it.

For he also was an office manager, handling a lot of paper work—bills, credits, collections and payroll. Then he usually had a big job running a warehouse and taking care of the physical movement of merchandise to customers in his district.

Now the computer makes it possible to centralize all paper work in the head office—bills, payroll, invoices, credits, shipping instructions. We can print out computer-handled

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There's many a slip  
'twixt the ladle and the lip.  
For an insight into how  
the Great Society staggers  
as it tries to rescue its  
suppliants, see page 38

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paper work any place in the world from a central computer.

At the same time, the computer makes possible a sharp cut in the number of warehouses. For the computer can handle all inventory as one inventory, no matter where it is.

#### **Do you need 50 warehouses?**

The computer, therefore, can supply customers from a much smaller number of warehouses and with a very much smaller inventory. There is no longer any reason why, in most businesses, a warehouse needs to be in the same place as the district sales office. We may have 50 district sales offices, but need only eight warehouses—and only one location for all paper work.

This frees the district sales manager for the job that always should have been his main preoccupation—managing the sales effort.

In other words, the computer enables us to structure according to

need. In the past, corporate structure was largely determined by geography and the limitations on information. This is no longer necessary. We can now decide how we want to set up the business.

We can build decision centers where the decisions are best made, rather than where geography and absence of information force us to locate.

More than likely, this will mean that more people will have decision-making authority, simply because more people can get the information they require to make the decision.

At the same time, the computer will enable top management to insist that decisions be made as decisions and with proper thought and understanding. It will, above all, enable top management to insist that alternatives are thought through, including what to do if the decision does not work out.

With the computer and its ability to process information fast, there is no reason why alternatives should not be worked out in advance.

#### **Advice to managers—get smart**

There are good reasons why managers better learn fast what the computer can do for them and what it cannot do. For the developments in computer use just ahead will make it a much more common, more usable and more widely used tool. It will also be a much cheaper tool.

The costs of storing as well as the costs of computation per unit will tomorrow be only a fraction of what they are today; and they are today only a fraction of what they were only a few years ago.

Four developments in particular deserve mention:

- **Time sharing:** We now realize that we can design and build computers of such capacity that a great many users can use them at the same time, each for his own purpose. We can, in other words, make the computer a public utility into which almost any number of users can plug in simultaneously.

It is quite possible that in 10 or 20 years, individual businesses will no more run and own their own computers than individual businesses today own and run their own electric power-generating stations. Sixty years ago practically every plant had its own powerhouse. Now we just plug in and get the power directly on a time-sharing basis from a public utility.

- **Information** is going to become a public resource and a public util-



## Advertisers in this issue August 1966

Addressograph Multigraph Corporation	21
Gricecold-Eshleman Company, Cleveland	
Air Express, Division REA Express	11
Kelvin, MacLeod & Grove, Inc., New York	
American Telephone & Telegraph Company, Long Lines Dept.	91
N.W. Ayer & Son, Inc., Philadelphia	
American Telephone & Telegraph Company, Municipal	4, 5
N.W. Ayer & Son, Inc., Philadelphia	
Armstrong Cork Company, Building Products Div., Ceiling Systems Dept.	2nd cover
Batten, Barton, Durstine & Osborn, Inc., New York	
Avis, Inc.	12, 13
Dania Dane Bernbach, Inc., New York	
Bruning, Charles, Company, Electro-Static Division	15
N.W. Ayer & Son, Inc., Philadelphia	
Burrage Corporation	30
Campbell-Ewald Company, Detroit	
Commercial Credit Corporation	45
Vandant, Dugdale & Company, Inc., Baltimore	
Coast Federal Savings And Loan Association	52
Cart Advertising Agency, Los Angeles	
Curta Company	90
Kasman Advertising Agency, Van Nuys, California	
Dodge Division, Chrysler Corporation, Trucks	9
Batten, Barton, Durstine & Osborn, Inc., Detroit	
Excitone, Inc.	21
Busford, Inc., New York	
Ford Motor Company, Trucks	3rd cover
J. Walter Thompson Company, Detroit	
Georgia-Pacific Corporation, Plywood & Specialties	25
McCann-Erickson, Inc., Portland, Oregon	
Goodyear Tire & Rubber Co., The	46
Tulham-Laird & Kuhn, Inc., New York	
International Textbook Company, International Correspondence Schools	67
N.W. Ayer & Son, Inc., Philadelphia	
International Harvester Company, Motor Truck Division	26
Young & Rubicam, Inc., Chicago	
Latham Time Recorder Company	49
George & Glover, Atlanta	
Muzak, A Division of Weather Corporation	1
Marsalis, Inc., New York	
Moore-McCormack Lines, Inc.	53
J.S. Fullerton, Inc., New York	
Men's Garden Clubs of America	90
Direct, Minneapolis, Minnesota	
McBee Systems	57
West, Weir & Bartel, Inc., New York	
National Cash Register Company	18
McCann-Erickson, Inc., New York	
New York Life Insurance Company	6
Compton Advertising, Inc., New York	
National Truck Leasing System	53
Stevens-Kirkland-Stahelheldt, Inc., Chicago	
Pitney-Bowes, Inc.	54, 55
de Garmo, Inc., New York	
Ryder Systems, Inc.	29
Neals & Hickok, Inc., Orlando, Florida	
Royal Globe Insurance Company	16
Lennox & Newell, Inc., New York	
Treasury Department, U.S. Savings Bonds Division	63
R. J. Reynolds Tobacco Company, Tempo Cigarettes	4th cover
William Esty Company, Inc., New York	
West Chemical Products, Inc.	17
J.M. Huthies, Inc., New York	
Western Girl, Inc.	53
Stover & Associates Advertising Agency, San Francisco	

### Regional Advertisements:

Behlen Manufacturing Company, The	73
Robert B. Sanford Advertising, Kansas City, Mo.	
Kaar Electronics Corporation, Marine & Land Communications Division	71
Ranville-Reynolds & Co., Montreal, Quebec, Canada	
Marine Midland Corporation	65
Batten, Barton, Durstine & Osborn, Inc., New York	
Southern California & Southern Counties Gas Companies	75
McCann-Erickson, Inc., Los Angeles	
San Diego Chamber of Commerce	65
Burns-Champ Advertising, San Diego	

## WHAT COMPUTERS WILL TELL *continued*

ity. It is the oldest resource of man, in one way, but it is also the newest. Its becoming available to everyone for a very low cost will mean a virtual revolution in information.

Almost certainly within the next 10 years we will have on the market a small appliance that can be plugged in like the radio or the TV set—or into the telephone—which will enable any student from first grade through college to get all the information he needs for his school work from a centrally located computer. Such universal access computers are even now being installed in quite a few colleges.

Closely connected with this is the rapid development of terminal and accessory equipment, equipment that enables the computer information to be used anywhere, and in turn, makes it possible to put data into the computer from any point.

In 10 or 15 years data transmission will be as common as voice transmission over the telephone. Data transmission long distance is already growing much faster than ordinary long-distance telephone calls. This means fast printers, two-way sets, for instance, that enable a branch office to get all the information it needs immediately from its central computer and, in turn, to feed into the computer everything that happens in the branch office.

• Equally important is the rapid increase in our capacity to translate from geometry into arithmetic, that is, from graphics into binary codes.

There is a great deal of work to

be done in this field. But it is not work on computer design. It is work on understanding graphic patterns.

We cannot yet analyze the millions of cloud photographs weather satellites take each day. But not because we cannot translate these cloud pictures into computer language. The reason is simply that we do not yet know enough about the weather to know what we are looking for in the pictures.

We cannot tell the computer what to do. But if we could, the computer could do it. Increasingly, we will learn to make use of this capacity to go from one kind of mathematics into another. Increasingly, we will be able to analyze visual material in terms of its logic and to present logic (for example, an equation) in visual form.

This will have tremendous impact on our ability to control manufacturing processes through direct observation. It will have tremendous impact on our ability to design physical structures of all kinds.

### Doing away with programmers

• Finally, we will become less and less dependent on the programmer. We will be more and more able to put information into the computer directly in something akin to ordinary language and to get out of the computer something akin to ordinary language.

Today the programmer has to translate from ordinary language into the computer code.

This is the greatest limitation of the present system. It cuts the computer's speed down to the speed of a human being—and this, in handling logic, means it cuts it down to a very slow speed. It also creates the need for employment of many essentially semiskilled people. Yet on their skill and understanding the ability of the computer to perform depends altogether.

To the extent to which we can jump the programming stage and get closer to computers able to handle information directly, to that extent will the computer become more effective, more flexible and more universal.

The idea that it will master us is absurd—one can always pull the plug and cut it off anyhow. But it is a tool of tremendous potential, if used properly.

It cannot, and it will not, make decisions. But it will greatly multiply the ability, the effectiveness and the impact of those people of intelligence and judgment who take the trouble to find out what the computer is all about. **END**

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**Bell System**

American Telephone & Telegraph  
and Associated Companies

Take a new look at Long Distance!



# OVER THE LIMIT

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Those politicians having a heyday with auto safety apparently are overlooking an even better bet—nontraffic accidents.

Last year 40 per cent more people died from accidents at home, work or play than on the streets and highways. About 2.5 million more were injured in their homes than in autos.

What an opportunity for politicians to view with alarm and pass new laws. Just visualize a few of the new safeguards government could offer against mishaps in the home:

Ladies would not be permitted to wear high heels. Too dangerous—no matter what they do for the legs.

Undoubtedly floor wax would be outlawed. Too slick.

And of course you'd have to install federally approved seat belts in your bathtub.

Once started, the regulation naturally would spread as it always does. Unfortunately Americans have grown so accustomed to Washington controls that we might let some more of our freedoms be nibbled away.

But there's hope. Maybe voters finally would revolt against the whole trend if Uncle Sam interferes too much in people's private lives.

Sometimes three's a crowd.



# Ford's New Linehaul Diesel



**...built to do just one job: cut your operating costs.**

Here is the greatest aggregation of cost-cutting features in any linehauler: Ford's new W-Series tractor. In designing the "W" Ford engineers examined all cost factors in truck operation, then went about reducing them...component by component. Structural strength was increased, parts made more reliable, service accessibility improved (e.g., both 52" standard cab and 82" sleeper tilt 55° for routine service, 80° for major work). To assure economical power for all hauling

needs, Ford engineers included a choice of 20 Diesel engines—Caterpillar, Cummins, Detroit—in over 1250 power-train combinations. Every feature of Ford's big W is engineered to decrease operating costs and increase earning ability. The economical performance this tractor is now giving other owners could be yours as well.

**FORD** HEAVY DUTY **TRUCKS**





Times change. Tastes change.

# I've changed too...to **Tempo!**

Sooner or later you'll probably want to try the taste of a charcoal-tip cigarette. So why not make it the one with the taste that makes the change worthwhile? Why not Tempo? Why not today!



U. S. PATS. PENDING

